

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities or an invitation to enter into any agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

*The material contained in this announcement is not for distribution or circulation, directly or indirectly, in or into the United States. This announcement is solely for the purpose of reference and does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities offer are being offered and sold only outside the United States in offshore transaction in compliance with Regulation S under the Securities Act.*

Notice to Hong Kong investors: *The Issuer and the Guarantor (each as defined below) confirm that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, each the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

SHANHAI (HONG KONG) INTERNATIONAL INVESTMENTS LIMITED
(the “Issuer”)

(incorporated in Hong Kong with limited liability)

U.S.\$250,000,000 5.0 per cent. Guaranteed Green Bonds due 2025

(Stock Code: 5319)

(the “Bonds”)

unconditionally and irrevocably guaranteed by



LIANYUNGANG PORT GROUP CO., LTD.

(連 雲 港 港 口 集 團 有 限 公 司)

(the “Guarantor”)

(incorporated in the People’s Republic of China with limited liability)

Joint Global Coordinator, Joint Bookrunners and Joint Lead Managers

**China International
Capital Corporation**

Bank of China

SPDB International

CNCB Capital

Joint Bookrunners and Joint Lead Managers

**Industrial Bank Co.,
Ltd. Hong Kong Branch**

**Shanghai Pudong
Development Bank
Hong Kong Branch**

CEB International

DBS Bank Ltd.

CMB International

OCBC Bank

**Guoyuan Securities
(Hong Kong)**

Sole Green Structuring Advisor

China International Capital Corporation

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

Please refer to the offering circular dated 9 June 2022 (the “**Offering Circular**”) appended hereto in relation to the Bonds. As disclosed in the Offering Circular, the Bonds to be issued are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

17 June 2022

As at the date of this announcement, the directors of Shanghai (Hong Kong) International Investments Limited are Mr. Shang Rui and Mr. Li Xupeng.

As at the date of this announcement, the directors of Lianyungang Port Group Co., Ltd. are Mr. Ding Rui, Mr. Zhu Xiangyang, Mr. Sun Ming, Mr. Feng Zhi and Mr. Zhu Congfu.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer or the Guarantor (each as defined in the attached Offering Circular) or from the Joint Lead Managers as a result of such access. In order to view the Offering Circular or make an investment decision with respect to the securities, you must not be located in the United States.

Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to China International Capital Corporation Hong Kong Securities Limited, Bank of China Limited, SPDB International Capital Limited, CNCB (Hong Kong) Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, CEB International Capital Corporation Limited, DBS Bank Ltd., CMB International Capital Limited, Oversea-Chinese Banking Corporation Limited and Guoyuan Securities Brokerage (Hong Kong) Limited (together, the “**Joint Lead Managers**”) that (1) you and any customers you represent are not, and the e-mail address that you gave us and to which this e-mail has been delivered is not located, in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Joint Lead Managers, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Joint Lead Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering outside the United States in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE BONDS AND THE GUARANTEE DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by email, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



SHANHAI (HONG KONG) INTERNATIONAL INVESTMENTS LIMITED

(incorporated with limited liability in Hong Kong)

U.S.\$250,000,000 5.0 per cent. Guaranteed Green Bonds due 2025
unconditionally and irrevocably guaranteed by

LIANYUNGANG PORT GROUP CO., LTD.
(連雲港港口集團有限公司)

(incorporated with limited liability in the People's Republic of China)

Issue Price: 100.0 per cent.

The 5.0 per cent. guaranteed green bonds due 2025 in the aggregate principal amount of U.S.\$250,000,000 (the "Bonds") will be issued by Shanhai (Hong Kong) International Investments Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee") by Lianyungang Port Group Co., Ltd. (連雲港港口集團有限公司) (the "Guarantor") pursuant to a deed of guarantee to be executed on or about 16 June 2022 (the "Deed of Guarantee"). The Issuer is a subsidiary of the Guarantor.

The specified denomination of the Bonds shall be U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Interest on the Bonds will be payable semi-annually in arrear on 16 June and 16 December in each year. The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the bonds (the "Terms and Conditions of the Bonds")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. See "Terms and Conditions of the Bonds — Status".

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See "Terms and Conditions of the Bonds — Taxation".

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 16 June 2025 (the "Maturity Date"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent and subject to compliance with any other applicable provisions in the Trust Deed and/or the Agency Agreement, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to (but excluding) the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee (as defined in the Terms and Conditions of the Bonds) immediately prior giving such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any final judgment or order of a court of competent jurisdiction), which change or amendment becomes effective on or after 9 June 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the holder of any Bond (each a "Bondholder") will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions of the Bonds)) or 100 per cent. (in the case of a redemption for a No Registration or No Filing Event (as defined in the Terms and Conditions of the Bonds)) of their principal amount, together with interest accrued and unpaid to but excluding such Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase".

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》發改外資[2015]2044號) promulgated by the National Development and Reform Commission of the PRC (the "NDRC") on 14 September 2015 which came into effect on the same date (the "Circular 2044"), the Guarantor has registered the issuance of the Bonds with the NDRC and has obtained a certificate from the NDRC on 17 February 2022 evidencing such registration. The Guarantor undertakes to file or cause to be filed with the NDRC or its local counterparts the requisite information and documents within the prescribed timeframe after the Issue Date (as defined herein) in accordance with the Circular 2044 and any implementation rules as issued by the NDRC from time to time.

The Guarantor undertakes to file or cause to be filed with the local competent branch of the State Administration of Foreign Exchange of the PRC or its local counterparties ("SAFE") the Guarantee within the prescribed timeframe after the Issue Date (as defined herein) in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (《跨境擔保外匯管理規定》匯發[2014]29號) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "Cross-Border Security Registration"). The Guarantor shall use all reasonable endeavours to obtain from SAFE a registration certificate or any other document evidencing the completion of the Cross-Border Security Registration by the Registration Deadline (as defined in the Terms and Conditions of the Bonds).

Investing in the Bonds involves certain risks. See "Risk Factors" beginning on page 13.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. Accordingly, the Bonds are being offered and sold only outside the United States in offshore transactions in reliance of Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see the section entitled "Subscription and Sale" on page 149.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Professional Investors") only and such permission is expected to become effective on 17 June 2022. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds will be represented initially by interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 16 June 2022 (the "Issue Date") with, a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See "Summary of Provisions relating to the Bonds while in Global Form".

The Guarantor was rated "BBB- (stable)" and "BBB (stable)" by S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch"), respectively, and the Bonds are expected to be assigned a rating of "BBB" by Fitch. The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by S&P or Fitch. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China International Capital
Corporation

Bank of China

SPDB International

CNCB Capital

Joint Bookrunners and Joint Lead Managers

Industrial Bank Co., Ltd.
Hong Kong Branch

Shanghai Pudong Development
Bank Hong Kong Branch

CEB International

DBS Bank Ltd.

CMB International

OCBC Bank

Guoyuan Securities
(Hong Kong)

Sole Green Structuring Advisor

China International Capital Corporation

Offering Circular dated 9 June 2022

IMPORTANT NOTICE

Each of the Issuer and the Guarantor confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, and to the Guarantee and the Bonds which is material in the context of the issue and offering of the Bonds and the giving of the Guarantee (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Guarantor, the Bonds and the Guarantee, is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and the rights attaching to the Guarantee and the Bonds); (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are, in every material respect, true and accurate and not misleading; (iii) the opinions and intentions expressed in the Offering Circular are, in each case with regard to the Issuer, the Guarantor and the Group, (i) honestly and reasonably held, (ii) reached after considering all relevant circumstances and (iii) based on reasonable assumptions; (iv) there are no material facts in relation to the Issuer, the Guarantor, the Group, the Bonds or the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds, make any statement, opinions or intentions in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; and (v) the statistical, industry, and market-related data and forward-looking statements of which are included in this Offering Circular, are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and China International Capital Corporation Hong Kong Securities Limited, Bank of China Limited, SPDB International Capital Limited, CNCB (Hong Kong) Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, CEB International Capital Corporation Limited, DBS Bank Ltd., CMB International Capital Limited, Oversea-Chinese Banking Corporation Limited and Guoyuan Securities Brokerage (Hong Kong) Limited (together, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Joint Lead Managers, the Issuer, or the Guarantor to subscribe for or purchase any of the Bonds. None of the Issuer, the Guarantor and the Joint Lead Managers represents that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to

persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*” below. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Bonds or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited.

The Issuer has submitted this Offering Circular confidentially to a limited number of institutional investors so that they can consider a purchase of the Bonds. Neither the Issuer nor the Guarantor has authorised its use for any other purpose. This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them has independently verified any of the information contained in this Offering Circular and can give assurance that such information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Joint Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them or on its behalf in connection with the Issuer, the Guarantor, the issue and offering of the Bonds, or the Guarantee. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives, advisers and agents and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them undertakes to review the financial condition or affairs of the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investors in the Bonds of any information coming to the attention of any Joint Lead Manager, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them.

It is expected that the Bonds will, when issued, be assigned a rating of “BBB” by Fitch. The rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE BONDS, EACH OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON ITS BEHALF) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL,

BUT IN DOING SO SUCH STABILISATION MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER OR THE GUARANTOR AND ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, BY SUCH STABILISATION MANAGER. SUCH STABILISATION SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and such person must rely on its own examination of the Issuer, the Guarantor, the Group, and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” below for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Industry and Market Data

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, adviser or agents or any person who controls any of them makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently

verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

Presentation of Financial Information

This Offering Circular contains the Guarantor's audited consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021 which is derived from its audited consolidated financial statements of the Group as at and for the years ended 31 December 2020 and 2021 (the "**Audited Financial Statements**") which are included elsewhere in this Offering Circular have been audited by Jiangsu Suya Jincheng Certified Public Accountants LLP ("**Suya Jincheng**") and included elsewhere in this Offering Circular. The audited consolidated financial statements of the Guarantor were prepared in accordance with the Accounting Standards for Business Enterprises in PRC and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time ("**PRC GAAP**").

The Audited Financial Statements were prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. See "*Description of Certain Differences Between PRC GAAP and IFRS*". Accordingly, potential investors must exercise caution when using such consolidated financial statements to evaluate the Group's financial condition and operations.

The Audited Financial Statements have been prepared in Chinese and in English. Only the English version of the Audited Financial Statements has been included in this Offering Circular. Should there be any inconsistency between the Chinese version and the English version of the Audited Financial Statements, the Chinese version of the Audited Financial Statements shall prevail. The Chinese version of the Audited Financial Statements are available at the following website: <https://www.shclearing.com/>. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them has independently verified or checked the accuracy of the English version of the Audited Financial Statements and can give no assurance that the information contained therein is accurate, truthful or complete.

Exchange Rate Information

The Guarantor's consolidated financial statements are presented in Renminbi. For convenience only and unless otherwise noted, all translations from Renminbi into US dollars in this Offering Circular were made at the rate of RMB6.3726 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2021. No representation is made that the Renminbi amounts referred to in this Offering Circular have been, could have been, could be or will be converted into U.S. dollars at any particular rate or at all, and *vice versa*. For further information relating to exchange rates, see "*Exchange Rate Information*" below.

Rounding

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Certain Definitions and Conventions

In this Offering Circular, the term “**Group**” refers to Lianyungang Port Group Co., Ltd. (連雲港港口集團有限公司), Shanghai (Hong Kong) International Investments Limited and their respective subsidiaries and the term “**Guarantor**” refers to Lianyungang Port Group Co., Ltd. (連雲港港口集團有限公司) individually, in each case unless the context otherwise requires. The term “**Issuer**” refers to Shanghai (Hong Kong) International Investments Limited, a wholly-owned subsidiary of the Guarantor.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**China**” or the “**PRC**” are to the People’s Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan; and references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China. In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**Renminbi**”, “**RMB**” or “**CNY**” are to the lawful currency of the PRC; references to “**Hong Kong dollars**”, “**HK dollars**”, “**HK\$**” or “**HKD**” are to the lawful currency of Hong Kong; and references to “**U.S. dollars**”, “**US dollars**” or “**US\$**” are to the lawful currency of the United States of America.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, or the Group or any member of the Group to be materially different include, among others:

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- the Group’s ability to successfully implement the Group’s business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group’s business prospects;
- the Group’s capital expenditure plans and ability to carry out those plans;
- the actions and developments of the Group’s competitors;
- the Group’s financial condition and performance;
- capital market developments;
- the Group’s dividend policy;
- the regulatory environment of the industry and markets in which the Group operates;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- other risks associated with industries in which the Group operates; and

- other factors, including those discussed in “*Risk Factors*” below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” below and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements’ view only as at the date of this Offering Circular. None of the Issuer or the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

CONTENTS

	Page
SUMMARY	1
THE ISSUE	5
SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR	9
RISK FACTORS	13
USE OF PROCEEDS	57
GREEN FINANCE FRAMEWORK	58
TERMS AND CONDITIONS OF THE BONDS	64
SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM	83
CAPITALISATION AND INDEBTEDNESS	85
DESCRIPTION OF THE ISSUER	87
DESCRIPTION OF THE GROUP	88
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	124
PRC LAWS AND REGULATIONS	129
EXCHANGE RATE INFORMATION	141
TAXATION	143
DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS	147
SUBSCRIPTION AND SALE	149
GENERAL INFORMATION	153
INDEX TO THE FINANCIAL STATEMENTS	F-1

SUMMARY

The summary below is only intended to provide a very limited overview of information described in more detail elsewhere in this Offering Circular. This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Bonds. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

The Guarantor (formerly known as Lianyungang Port Authority) was established in 1990 by the Lianyungang Municipal Government and has been the primary operator of Lianyungang Port since its establishment. In 2021, Lianyungang Port ranked the 9th, 9th and 10th, respectively, among seaports in China in terms of the throughput of metal ore, coal and coal product, and annual container traffic. Located in Lianyungang, a coastal city located on the eastern coast of China in northern Jiangsu Province, Lianyungang Port was listed as one of the 27 primary ports in China and one of the 11 international hub ports in the National Comprehensive Three-dimensional Transportation Network Planning Outline (國家綜合立體交通網規劃綱要) issued in February 2021 by the Central Committee of the Communist Party of China and the State Council. As the port manager established to operate and develop Lianyungang Port, port operation is the fundamental business of the Group which provides the foundation for the Group to expand its businesses into other segments such as trade and logistics, construction engineering and other ancillary businesses. Serving as the only and most important operating platform of Lianyungang City, the Group is the leading port operator in Lianyungang materially contributing to the promotion of Lianyungang Municipal Government’s strategic plan of “Develop with Ports”. As at 31 December 2021, the Guarantor was approximately 90% owned by Lianyungang Port Group Holdings, indirectly wholly owned by Lianyungang SASAC. As at 31 December 2021, the Guarantor had 129 subsidiaries, of which 61 subsidiaries were directly controlled by the Guarantor. Jiangsu Lianyungang Port Co., Ltd. (江蘇連雲港港口股份有限公司) (Shanghai Stock Exchange stock code: 601008), one of the Guarantor’s directly controlled subsidiaries, is a listed company with its shares listed on the Shanghai Stock Exchange.

The Guarantor was recognised in 2016 by China Enterprise Confederation (中國企業聯合會) as one of the top 50 logistics service companies in the PRC in terms of operating income in 2015. The Group achieved a major milestone in its corporate history in 2012 when it was awarded the “Best Integrated Service Group in China Award (中國綜合服務最佳港務集團)” by the China Cargo Industry Awards Organising Committee (中國貨運業大獎組委會) and was recognised as an outstanding example in the areas of science and technology as well as low-carbon construction by the Ministry of Transport of the PRC. In 2019, the Group was awarded China Port Association News Promotion Contribution Award (中國港口協會新聞宣傳突出貢獻獎), Excellent Work Safety Unit in Lianyungang City in 2019 (連雲港市2019年度安全生產優秀單位), Advanced Unit of Quality Control Work in Lianyungang City in 2019 (2019年度連雲港市品質管制工作先進單位) and Lianyungang City Service Industry Statistics Advanced Unit in 2019 (2019年度連雲港市服務業統計先進單位). In 2020, the Group was awarded “13th Five-Year Plan” Excellent Unit of Chinese Enterprise Culture Construction (“十三五”中國企業文化建設優秀單位), National Multimodal Transport Demonstration Project Award (國家多式聯運示範工程獎), Excellent Service Units for Epidemic Prevention and Control and Work Resumption in 2020 (2020年度疫情防控和復工復產優秀服務單位) and Lianyungang City 2020 Major Reform and Innovation Award for Promoting High-quality Development (連雲港市2020年度推進高品質發展重大改革創新獎).

The Group's business primarily comprises the following principal business segments:

- **port operation:** as a port manager, the Group carries out key port operating duties such as cargo handling, storage service and port management;
- **trade and logistics:** the Group engages tradings of various products, primarily including iron ore, iron powder, steel, coke, alloy iron, chrome ore, chemicals, non-ferrous ore, and calcined petroleum coke. The Group also engages in sectors of ship financing agency, bonded warehousing, international and domestic shipping and cargo freight business as part of its trade and logistics business;
- **construction engineering:** the Group engages the construction of piers and seawalls, sea bank protection, dredging and land reclamation; and
- **other ancillary businesses:** the Group also engages leasing of ships and other assets, goods management services, agency business, communications, supplies, real estate, tallying and others.

For the years ended 31 December 2019, 2020 and 2021, the Group's operating income was approximately RMB13,003.01 million, RMB13,772.26 million and RMB14,663.49 million, respectively, and the Group's operating profits was RMB152.54 million, RMB224.75 million and RMB484.39 million, respectively. The Group's net profits for the years ended 31 December 2019, 2020 and 2021 were RMB71.04 million, RMB128.82 million and RMB290.21 million, respectively.

The table below sets forth the Group's operating income by business segments for the indicated periods:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Principal business segments						
Port operation	2,748.10	21.13	3,304.34	23.99	3,682.39	25.11
Trade and logistics	7,975.69	61.34	7,763.63	56.37	8,008.89	54.62
Construction engineering	1,331.68	10.24	1,842.88	13.38	2,032.77	13.86
Other ancillary businesses	911.22	7.01	822.20	5.97	873.13	5.95
Other principal businesses	<u>36.32</u>	<u>0.28</u>	<u>39.21</u>	<u>0.28</u>	<u>66.31</u>	<u>0.45</u>
Total	<u>13,003.01</u>	<u>100.00</u>	<u>13,772.26</u>	<u>100.00</u>	<u>14,663.49</u>	<u>100.00</u>

Competitive Strengths

- The Group benefits from an advantageous location and industry ranking that brings broad hinterland for Lianyungang Port and equips it with strong development potential
- The Group plays a significant role in several national plans and strategies and receives, and expects to continue to receive, strong support from various levels of government
- The Group's high-quality infrastructure facilities provide a solid foundation for its further growth
- The Group has been promoting the construction of "Green Port" pursuant to the national commitment to emission reduction

- Leveraging the advantageous resources and developed facilities in Lianyungang Port, the Group is expected to secure a sustainable business growth
- Abundant and diversified financing resources enable the stable operation of the Group
- Experienced management team safeguards the operation and development of the Group

Business Strategies

- Follow the national 14th Five-Year Plan and leverage local policy advantages
- Enhance its professional capacity in terms of container terminals
- Extend and expand coverage of its sea routes network
- Strengthen its port operations business

RECENT DEVELOPMENTS

Proposed change of Chairman of the Board of Directors of the Guarantor

In May 2022, the standing committee of the Lianyungang Municipal Party Committee has proposed the appointment of Mr. Yang Long as the new Chairman of the Board of Directors of the Guarantor.

Financial performance for the three months ended 31 March 2022

On 29 April 2022, the Group published its unaudited and unreviewed consolidated financial results as at and for the three months ended 31 March 2022 in accordance with the information disclosure rules of the PRC interbank market. None of the Group's unaudited and unreviewed consolidated financial statements are incorporated into this Offering Circular. Investors are cautioned against placing undue reliance on any information to be disclosed in the Group's unaudited and unreviewed consolidated financial results since none of such information has been or will be subject to any audit or review by the Group's auditors and there is no assurance such unaudited and unreviewed financial information has or will have the same quality as the information reported in the Audited Financial Statements. The results as at and for the three months ended 31 March 2022 should not be taken as indicative of the Group's financial results for the full year ending 31 December 2022.

As at 31 March 2022, the Group's short-term loans has decreased primarily due to refinancing of due short-term loans, as compared with 31 December 2021. As at 31 March 2022, the Group's notes payables has significantly increased primarily due to changes in business settlement methods, as compared with 31 December 2021. As at 31 March 2022, the Group's long-term loans has increased primarily due to adjustment of its debt structure, as compared with 31 December 2021. As at 31 March 2022, the Group's bonds payable has significantly decreased primarily due to adjustment of debt structure, as compared with 31 December 2021. As at 31 March 2022, the Group's non-current liabilities due within one year has significantly increased primarily due to the maturity of long term loans within one year, as compared with 31 December 2021. For the three months ended 31 March 2022, the Group's non-operating cost has significantly increased primarily due to the increase in certain regulatory costs, as compared with the corresponding period in 2021. For the three months ended 31 March 2022, the Group's non-operating revenue has significantly decreased primarily due to partial receipt of compensation funds, as compared with the corresponding period in 2021.

Bonds offerings

On 4 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 18 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 14 February 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.69 per cent. and a tenor of 135 days. On 24 February 2022, the Guarantor issued the medium-term bonds in the aggregate principal amount of RMB540 million with annual coupon rate of 6.50 per cent. and a tenor of two years. On 9 March 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.99 per cent. and a tenor of 180 days. On 26 May and 27 May 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 3.50 per cent. and a tenor of 180 days.

THE ISSUE

The following contains some summary information about the Bonds and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a comprehensive description of the terms and conditions of the Bonds, see the section entitled “Terms and Conditions of the Bonds” of this Offering Circular.

Issuer	Shanghai (Hong Kong) International Investments Limited.
Guarantor	Lianyungang Port Group Co., Ltd. (連雲港港口集團有限公司).
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Issue	U.S.\$250,000,000 5.0 per cent. guaranteed green bonds due 2025.
Issue Price	100.0 per cent.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and in integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 16 June 2022 at the rate of 5.0 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$25 per U.S.\$1,000 in principal amount of the Bonds on 16 June and 16 December in each year commencing on 16 December 2022.
Issue Date	16 June 2022.
Maturity Date	16 June 2025.
Status	The Bonds, when issued, will constitute direct, unsubordinated, unconditional and (subject to Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in “ <i>Terms and Conditions of the Bonds — Negative Pledge</i> ”.
Events of Default	The Bonds will contain certain events of default provisions as further described in “ <i>Terms and Conditions of the Bonds — Events of Default</i> ”.

Taxation All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the Applicable Rate (as defined in the Terms and Conditions of the Bonds), the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in “*Terms and Conditions of the Bonds — Taxation*”, increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

Final Redemption Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Taxation Reasons The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent and subject to compliance with any other applicable provisions set out in the Trust Deed and/or the Agency Agreement, at their principal amount, together with any interest accrued to (but excluding) the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior giving such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any final judgment or order of a court of competent jurisdiction), which change or amendment becomes effective on or after 9 June 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Please see “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*”.

Redemption for Relevant Events	At any time following the occurrence of a Change of Control or a No Registration or No Filing Event (each a “Relevant Event”), a Bondholder will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of such Bondholder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration or No Filing Event) of their principal amount, together with interest accrued and unpaid to but excluding, the Put Settlement Date. Please see “ <i>Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events</i> ”.
Clearing Systems	The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for Euroclear and Clearstream. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.
Governing Law	English law.
Jurisdiction	The courts of Hong Kong will have exclusive jurisdiction to settle any disputes arising out of or in connection with the Bonds, the Agency Agreement, the Trust Deed and the Deed of Guarantee.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the first payment of interest on them and the timing for complying with the requirements set out in the Terms and Conditions in relation to the NDRC Post-issue Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 of the Terms and Conditions of the Bonds.
Use of Proceeds	See the section entitled “ <i>Use of Proceeds</i> ”.
ISIN	XS2480444970

Common Code 248044497

**Legal Entity Identifier of
the Issuer** 300300D8WPVL1SP9AS22

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The following tables set forth the summary consolidated financial information of the Guarantor as at the dates and for the periods indicated.

The summary audited consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021 set forth below is extracted from and should be read in conjunction with the Audited Financial Statements. The Audited Financial Statements have been audited by Suya Jincheng and included elsewhere in this Offering Circular.

The Audited Financial Statements were prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. See “Description of Certain Differences Between PRC GAAP and IFRS”. Accordingly, potential investors must exercise caution when using such consolidated financial statements to evaluate the Group’s financial condition and operations.

The Audited Financial Statements have been prepared in Chinese and in English. Only the English version of the Audited Financial Statements has been included in this Offering Circular. Should there be any inconsistency between the Chinese version and the English version of the Audited Financial Statements, the Chinese version of the Audited Financial Statements shall prevail. The Chinese version of the Audited Financial Statements are available at the following website: <https://www.shclearing.com/>. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them has independently verified or checked the accuracy of the English version of the Audited Financial Statements and can give no assurance that the information contained therein is accurate, truthful or complete.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items	For the year ended 31 December		
	2019	2020 (audited) RMB	2021
Total operating income	13,002,998,266.04	13,772,259,175.10	14,663,482,165.44
Less: Operating costs	11,726,139,260.45	12,390,891,066.96	12,885,938,611.55
Business taxes and surcharge	50,699,360.01	61,671,474.64	65,038,071.78
Selling and distribution expenses	5,691,553.64	4,803,204.29	4,484,000.84
Administrative expenses	1,032,632,158.32	980,055,496.74	969,390,462.42
Research and development expenses	23,783,045.94	16,323,348.36	80,140,422.53
Financial expenses	1,119,227,157.56	1,220,078,452.92	1,270,078,931.05
Including: interest expense	1,145,720,446.40	1,256,978,621.05	1,327,186,181.27
interest income	86,942,710.77	92,980,495.71	134,591,064.48
Add: Other income	1,004,380,873.76	491,152,709.40	273,207,199.51
Investment income	151,362,995.16	743,995,490.16	820,218,345.27
Gains from changes in fair value (“-” for losses)	-2,902,250.00	-5,739,250.00	8,695,000.00
Impairment loss of credit (“-” for losses)	—	—	-33,925,945.38
Impairment loss of assets (“-” for losses)	-33,407,336.90	-98,066,937.36	-101,836.85
Gains from disposal of assets (“-” for losses)	-11,720,030.62	-5,023,684.41	27,888,944.27
Operating profits	152,539,981.52	224,754,458.98	484,393,372.09
Add: Non-operating income	39,221,927.56	32,232,800.43	23,289,646.39
Less: Non-operating expenses	4,882,011.57	15,966,527.90	16,967,115.54
Total profits before tax	186,879,897.51	241,020,731.51	490,715,902.94
Less: Income tax expenses	115,835,315.17	112,200,841.69	200,506,002.29
Net profit	71,044,582.34	128,819,889.82	290,209,900.65
Classification by operating continuity:			
Net profit from continuing operation	71,044,582.34	128,819,889.82	290,209,900.65

Items	For the year ended 31 December		
	2019	2020 (audited) RMB	2021
Classification by owners:			
Net profit attributable to owners of the parent company	50,671,572.46	57,678,313.33	60,374,223.15
Net profit attributable to non-controlling interests	20,373,009.88	71,141,576.49	229,835,677.50
Net of income tax effect of other comprehensive income (“-” for losses)	-13,742,968.28	111,551,815.20	38,979,758.58
Net of income tax effect of other comprehensive income attributable to owners of the parent company (“-” for losses)	-13,746,903.29	111,559,822.51	38,979,758.58
Other comprehensive income items which will not be reclassified subsequently to profit or loss	—	—	2,726,082.04
Including: Gains or losses arising from changes in fair value of other equity instrument investment	—	—	2,726,082.04
Other comprehensive income items which will be reclassified subsequently to profit or loss	-13,746,903.29	111,559,822.51	36,253,676.54
Including: Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss (“-” for losses)	7,435,374.31	1,830,583.66	-1,500,561.79
Gains or losses arising from changes in fair value of available-for-sale financial assets (“-” for losses)	4,672,499.23	-6,548,857.18	—
Translation differences arising on translation of foreign currency financial statements (“-” for losses)	-25,854,776.83	116,278,096.03	37,754,238.33
Net of income tax effect of other comprehensive income attributable to non-controlling interests (“-” for losses)	3,935.01	-8,007.31	—
Total comprehensive income	57,301,614.06	240,371,705.02	329,189,659.23
Total comprehensive income attributable to owners of the parent company	36,924,669.17	169,238,135.84	99,353,981.73
Total comprehensive income attributable to non-controlling interests	20,376,944.89	71,133,569.18	229,835,677.50
Earnings per share			
Add: undistributed profit of prior year	—	91,474,003.66	134,152,316.99
Distributable profit	—	149,152,316.99	194,526,540.14
Profits available for distribution to shareholders	—	149,152,316.99	194,526,540.14
Common stock dividends payable	—	15,000,000.00	18,000,000.00
Undistributed profit	—	134,152,316.99	176,526,540.14

CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2019	2020 (audited) RMB	2021
Assets			
Current assets:			
Cash and cash equivalents	3,165,486,818.46	2,942,761,803.00	3,238,702,570.55
Financial assets held for trading	—	—	20,000,000.00
Accounts receivable financing	—	—	168,544,625.04
Financial assets at fair value through profit or loss	5,699,550.00	11,031,850.00	—
Notes receivable	668,575,008.35	607,404,026.99	436,177,258.07
Accounts receivable	5,003,275,120.54	5,256,938,927.86	5,275,372,151.89
Prepayment	1,485,767,183.81	1,498,608,551.47	1,429,064,255.71
Other receivables	6,179,530,200.70	7,460,822,730.03	9,364,827,437.59
Inventories	1,298,380,559.07	2,448,748,223.88	2,900,780,052.22
Other current assets	3,209,241,392.13	869,168,355.83	856,300,357.72
Total current assets	21,015,955,833.06	21,095,484,469.06	23,689,768,708.79
Non-current assets:			
Available-for-sale financial assets	47,288,476.13	100,816,666.55	—
Long-term receivables	325,503,020.96	352,611,986.04	185,870,983.70
Long-term equity investments	1,637,458,042.03	1,618,900,309.65	1,686,702,137.43
Other equity instrument investment	—	—	37,178,866.12
Other non-current financial assets	—	—	85,507,576.49
Investment properties	822,171,859.13	799,574,233.53	776,269,615.41
Fixed assets	14,894,421,494.10	14,918,939,797.60	14,914,985,079.01
Construction in progress	17,824,916,508.70	18,045,579,447.31	19,453,790,226.55
Right-of-use assets	—	—	117,472,370.66
Intangible assets	3,696,411,916.85	3,097,436,705.46	3,204,519,315.61
Long-term deferred expenses	87,673,265.76	180,643,358.71	195,612,632.30
Deferred tax assets	263,217,045.40	295,650,513.29	282,384,310.33
Other non-current assets	316,467,831.22	326,849,213.88	325,737,098.42
Total non-current assets	39,915,529,460.28	39,737,002,232.02	41,266,030,212.03
Total assets	60,931,485,293.34	60,832,486,701.08	64,955,798,920.82
Current liabilities:			
Short term loans	5,608,322,729.97	6,809,751,266.06	8,272,535,576.24
Notes payable	672,934,958.34	843,148,427.20	1,266,203,930.21
Accounts payable	1,549,152,717.77	1,494,813,181.64	1,583,017,805.43
Receipts in advance	399,426,630.80	329,783,124.63	—
Contract liability	—	—	310,942,334.69
Employee benefits payable	65,835,354.16	93,616,399.50	97,705,100.25
Taxes and surcharges payables	164,265,464.98	100,437,547.41	151,360,608.23
Other payables	1,263,735,372.52	1,140,667,682.27	583,427,049.70
Non-current liabilities due within one year	10,479,757,924.85	6,162,644,472.92	9,456,259,452.89
Other current liabilities	1,400,000,000.00	2,200,000,000.00	1,752,432,806.82
Total current liabilities	21,603,431,153.39	19,174,862,101.63	23,473,884,664.46

	As at 31 December		
	2019	2020 (audited) RMB	2021
Non-current liabilities:			
Long term loans	6,838,985,728.73	7,804,697,401.17	9,564,415,084.04
Bonds payable	14,273,675,126.26	14,813,931,935.83	9,214,885,204.72
Lease liability	—	—	132,898,740.77
Long term payables	1,002,870,514.49	2,009,081,368.42	4,509,618,616.76
Provision	5,759,287.50	8,761,234.32	10,089,069.52
Deferred revenue	42,584,594.77	38,121,033.91	33,696,379.08
Deferred tax liabilities	7,628,974.90	5,630,259.43	10,845,675.12
Total non-current liabilities	<u>22,171,504,226.65</u>	<u>24,680,223,233.08</u>	<u>23,476,448,770.01</u>
Total liabilities	<u>43,774,935,380.04</u>	<u>43,855,085,334.71</u>	<u>46,950,333,434.47</u>
Share capital	7,820,000,000.00	7,820,000,000.00	7,820,000,000.00
Other equity instruments	1,489,400,000.00	1,289,400,000.00	1,166,500,000.00
Including: perpetual debt	1,489,400,000.00	1,289,400,000.00	1,166,500,000.00
Capital reserve	2,899,791,091.96	2,539,064,076.58	3,407,029,084.34
Other comprehensive income	-176,406,367.38	-64,846,544.87	-25,866,786.29
Special reserve	229,641.35	146,893.99	82,177.38
Surplus reserves	7,610,257.91	7,610,257.91	7,610,257.91
General risk reserve	29,169,577.24	29,169,577.24	29,169,577.24
Undistributed profit	91,474,003.66	134,152,316.99	176,526,540.14
Total equity attributable to owners of the parent company	12,161,268,204.74	11,754,696,577.84	12,581,050,850.72
Non-controlling interests	4,995,281,708.56	5,222,704,788.53	5,424,414,635.63
Total owner's equity (or shareholders' equity)	<u>17,156,549,913.30</u>	<u>16,977,401,366.37</u>	<u>18,005,465,486.35</u>
Total liabilities and owner's equity	<u>60,931,485,293.34</u>	<u>60,832,486,701.08</u>	<u>64,955,798,920.82</u>

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the value of Bonds. Some risks may be unknown to the Issuer, the Guarantor or the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer, the Guarantor and the Group or the value of the Bonds. The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer, the Guarantor or the Group based on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur, and none of the Issuer, the Guarantor or the Group is in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Neither the Issuer nor the Guarantor represent, that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESSES

The Group's businesses may be affected by regional and global economic, financial and political conditions.

As a port manager, the Group carries out key port operating duties such as cargo handling, storage service and port management. Such services are required by shipping line operators for the transportation of containerised cargo by sea between overseas and regional economies. The Group is also involved in the trading of various products and engages in ship financing agency, bonded warehousing, international and domestic shipping and cargo freight business, as part of its trade and logistics business. The Group may be unfavourably impacted by adverse economic conditions, including uncertainties and instability in global market conditions.

Due to the impact of the outbreak of the novel coronavirus (“**COVID-19**”) pandemic, there is the possibility of a slowdown in economic growth. If economic growth slows significantly or economic conditions deteriorate, the Group's business, financial conditions and results of operations may be adversely affected. Please also see “*Risk Factors — The Group's operations are subject to natural disasters, strikes and stoppages, outbreaks of contagious diseases, acts of war and terrorist attacks, including the recent COVID-19 pandemic.*” There also continues to be uncertainty as to the global economy in general, the decrease in consumer demand and the impact of such financial stress and uncertainty on the PRC economy. The Group's business activities are concentrated in the PRC, therefore the Group's operations, revenue, performance and future growth depend, to a large extent, on the continued growth of the markets in the PRC. The reduced demand for exports produced in the PRC, reduced levels of foreign and domestic investment in the PRC, and decreased consumer confidence, may result in a slowdown in growth in the markets of the PRC. This may lead to reduced demand for certain of the Group's products and services, which could in turn have an adverse effect on the Group's businesses, financial condition and operating results, as well as the Group's future prospects. The

Group's primary port operation business and trade and logistics business may be affected by the performance and growth of regional and international trading economies. In addition, the global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near-failure of a number of institutions in the banking and insurance industries. There also remains a concern that the debt crisis in Europe will impinge upon the health of the global financial system. On 23 June 2016, the United Kingdom held a remain-or-leave referendum on the United Kingdom's membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union ("**Brexit**"). The transition period for Brexit officially commenced on 31 January 2020. The potential impact of Brexit on the economic conditions in the United Kingdom, the European Union and global markets remains unclear. In addition, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and the PRC have been involved in controversy over trade barriers that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. On 15 January 2020, the U.S. government and the PRC government signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**") pursuant to which the United States agreed to cancel a portion of tariffs imposed on products from the PRC, and the PRC agreed to additional purchases of goods and services from the United States. Both parties expressed a commitment to further improve various trade issues. However, there can be no assurance that the Phase I Agreement will be adhered to by both governments or successfully reduce trade tensions. More recently, the global financial markets also have experienced significant volatility as a result of hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken or may take in the future) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets. These and other related events have had a significant impact on the global credit and financial markets. The global credit crunch has adversely affected the global shipping and trading industries, as liquidity problems in the international banking sector have reduced the availability of credit, making the financing of shipments and trade more difficult.

Decreases in imports and exports or reduced trading patterns caused by these or other circumstances may adversely affect the business, financial condition, results of operations and prospects of the Group, including causing:

- decreased throughput and use of ancillary services;
- a negative impact on the ability of the customers of the Group to pay the Group, thus reducing the Group's cash flows;
- decreased demand for certain products which the Group trades;
- increased rates of trade credit default by customers; and
- the likelihood that one or more of the Group's banking syndicates or insurers may not honour their commitments to the Group.

Other factors impacting the performance and growth of regional and international trading economies may also affect the business of the Group. For example, despite the Phase I Agreement, the U.S. and PRC had in the past made various announcements or threats to increase tariffs on goods from the other country. Such trade dispute or potential of future trade disputes between the PRC and the U.S., or any trade restrictions, sanctions, embargoes, boycotts, trade measures, exchange controls, currency fluctuations, labour strikes, trade disputes, weather patterns, epidemics, terrorism, changes in seaborne and other transportation patterns, and natural disasters may have an adverse effect and cause continuing uncertainty for the overall prospects of the global and international trading economies.

The Group's business and assets are substantially located in Lianyungang and may be materially and adversely affected by adverse or unfavourable events affecting Lianyungang and Lianyungang port.

The Group mainly engages in the operation of the port of Lianyungang (the “**Lianyungang Port**”). Its trading and logistics business is also largely reliant on the facilities and operation of Lianyungang Port, and it also carries out construction engineering projects in Lianyungang Port. Therefore, its business, financial condition, results of operations and prospects may be materially and adversely affected by adverse or unfavourable events affecting Lianyungang and Lianyungang Port.

For the year ended 31 December 2021, Lianyungang's gross domestic product was approximately RMB372.79 billion, increased by 8.8% compared to the previous year. The favourable economic growth of Lianyungang has in turn driven the development of Lianyungang Port. The Group has capitalised on the steady economic growth of Lianyungang and the rapid development of Lianyungang Port, in order to grow and develop its business. However, there can be no assurance that the level of economic development in Lianyungang will continue to grow at the same rate as in the past, or at all. In the event of any slowdown in the level of economic activity in Lianyungang, the development of Lianyungang port may be adversely affected. Further, the PRC government (including the Lianyungang Municipal People's Government) is not an obligor and shall under no circumstances have any obligation arising out of or in relation to the Bonds or the Guarantee. The See also “*Risks Relating to the Bonds and the Guarantee — The PRC government has no payment or other obligations under the Bonds or the Guarantee.*”

In addition, other material adverse events including changes in the regulatory environment, changes in government development plans and policies for Lianyungang and Lianyungang Port, a decrease in investor confidence in Lianyungang and Lianyungang Port, and disasters, whether natural or otherwise, may affect the development of Lianyungang and Lianyungang Port. There are many factors influencing the PRC government's development plans and policies in relation to Lianyungang Port, such as national and regional policies affecting the development of different industries and fiscal and monetary policies. Government budget and spending are also affected by government income and the general economic conditions in the PRC and Lianyungang. Any slowdown in the economic growth in the PRC or Lianyungang may adversely affect the PRC government's development plans and policies, causing it to reduce its budget and spending on the development of Lianyungang and Lianyungang Port.

Due to the concentration of the Group's business in Lianyungang and within Lianyungang Port, the Group may not be able to effectively manage potential losses arising from the occurrence of any of the above events, which could, therefore, lead to a material and adverse effect on the Group's business, financial condition and results of operations.

The Group's businesses are subject to various laws, regulations and government policies. Any changes to laws, regulations or government policies may have a material adverse effect on the Group's business and operations.

The Group's businesses are subject to the laws, regulations and policies of the PRC. The Group's businesses may be materially and adversely affected if the Group fails to comply with the laws and regulations applicable to its businesses. In particular, the PRC government has promulgated a number of industry regulations that affect the Group's port operations. Port operators are required to obtain licenses and to comply with stringent regulations regarding, amongst other things, operational management, supervision, inspection and the loading, unloading and storage of hazardous goods. If the Ministry of Transport or any other competent authority issues new regulations or implements policies that requires the Group to adjust its port operations, the Group's business and operations could be adversely affected.

In addition, such laws, regulations and policies may be subject to changes of substance or interpretation that could adversely affect the Group's businesses. These may include tariffs, trade barriers, licences, approvals, health and safety and environmental regulations, taxation, exchange controls, employment legislation, and other matters, which may be imposed at both national and local government levels. Compliance with such laws and regulations may require the Group to incur significant capital expenditure or may impose other obligations or liabilities which could create a substantial financial burden on it. In addition, control by the authorities over various aspects of the Group's businesses may impose significant constraints on the Group's ability to implement its business strategies, to develop or expand the Group's business operations or to maximise the Group's profitability.

The PRC government subsidies received by the Group may be reduced or cease completely, substantially reducing the Group's profit or resulting in losses for the Group.

The Group recorded net profits of RMB71.04 million, RMB128.82 million, and RMB290.21 million for the years ended 31 December 2019, 2020 and 2021, respectively. For the same periods, the Group relied substantially on its non-operating income to maintain its overall profitability. Such non-operating income included income from the disposal of assets and income in the form of government subsidies. The government subsidies amounted to RMB1,004.38 million, RMB491.15 million and RMB273.21 million, respectively, for the years ended 31 December 2019, 2020 and 2021, respectively.

Decisions to provide government subsidies, grants or other forms of financial support to the Group depend on the fiscal revenue and fiscal policies of the Lianyungang Municipal Government, the Jiangsu Provincial Government and the PRC central government, which are beyond the control of the Group. There is no guarantee that the PRC government will continue to provide subsidies, grants or other forms of financial support to the Group in a timely manner or at all, or that the Group will be able to consistently sustain operating profitability or net profitability in the future.

The Group may cease to enjoy preferential tax treatment and tax exemptions, the loss of which, or a reduction in which, could reduce the Group's profits.

The Group enjoys various favourable policies in respect of VAT, enterprise income tax and cargo port management fee implemented by the Lianyungang Municipal Government. However, there is no assurance that the preferential tax treatment will not be withdrawn or revoked by the PRC government or become inapplicable before the expiry of the current exemption term. If the Group ceases to enjoy such preferential tax benefits or if the scope of the preferential treatment is scaled back, the Group's financial condition and results of operations may be adversely affected.

Further, there is no assurance that the Group will continue to receive the same preferential tax treatments or government grants, since the relevant government policies may change over time. Any loss or reduction in preferential tax treatments or government grants could have an adverse effect on the Group's results of operations, prospects and financial position.

The Lianyungang SASAC can exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its activities, or impose new obligations on the Group, which may not be in the Group's best interests.

The Guarantor is approximately 90% owned by Lianyungang Port Holding Group Co., Ltd (連雲港港口控股集團有限公司) ("Lianyungang Port Group Holdings"), which is indirectly wholly owned by Lianyungang SASAC and, accordingly, the Lianyungang SASAC is in a position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that Lianyungang SASAC would always take actions that are in the Group's best interests or that aim to maximise the Group's profits.

Lianyungang SASAC may use its ability to influence the Group's business and strategy in a manner beneficial to Lianyungang or the Jiangsu Province as a whole, but which may not necessarily be in the Group's best interests, or may transfer existing or future assets owned by the Group to other entities which are not subsidiaries of the Group.

The Lianyungang SASAC may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth; any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Lianyungang SASAC could result in a modification of the existing regulatory regime which, in turn, could have a material adverse effect on the Group's financial condition and results of operations.

The Group may be involved in public interest projects, which may have a material and adverse effect on the Group's financial condition and results of operations.

The Guarantor is approximately 90% owned by Lianyungang Port Group Holdings, which is indirectly wholly owned by Lianyungang SASAC. As such, it may be required from time to time to engage and participate in projects which are principally motivated by public interest considerations. Public interest projects and semi-public interest projects may not be commercially viable, and the Group may not be able to recover its investment or achieve financial returns in a commercially desirable time frame, if at all. The Group has received various financial support from the government for such government-sponsored projects. See "*Competitive Strengths — The Group receives, and expects to continue to receive, strong support from various levels of government — Financial support*". However, such financial support may not always be available due to the government's liquidity, budgeting priority and other considerations. In addition, such financial support may not be sufficient to cover the Group's investment. Furthermore, the Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating enterprises. The Group cannot make any assurances that it may not be involved in public interest projects in the future, and, to some extent such engagement may not be commercially profitable. There can be no assurance that the Group's results of operations, business and financial condition will not be adversely affected as a result.

The Group is exposed to risks associated when entering into contracts with the PRC government and other public organisations, and its performance may be significantly affected by government spending on infrastructure and other projects.

The Group's customers include agencies or entities owned or otherwise controlled by the PRC government. To the extent that the Group's projects are funded or paid by such agencies or entities, they may be subject to delays or changes as a result of the changes in the PRC government's budgets, or of other policy considerations. The PRC government's spending on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in the PRC's economic conditions and changes in the PRC government's policies. The Group has exposure to the risks associated with contracting with public organisations. In addition, any disputes with PRC governmental entities and other public organisations could potentially lead to contract termination if unresolved, or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments due to the Group from these entities and organisations may be delayed as a result. In some circumstances, PRC governmental entities and public organisations may require the Group to change its construction methods, equipment or other performance terms, or direct the Group to reconfigure its designs or services for the relevant project, or undertake additional obligations, or change other contractual terms, resulting in increased costs. Resolution of any disagreement with PRC governmental entities and public organisations with respect to such changes may be time-consuming and may also cause the Group to incur additional costs. Changes in governmental budgets and policies relating to the Group's projects could also result in delays in project

commencement or completion, adverse changes to such projects or a withholding of, or delay in, payment to the Group. If a government entity or other public organisation terminates a contract with the Group, the Group's order book could be reduced, and the Group's business plans may be adversely affected.

PRC regulations on the administration of the financing platforms of local governments will have a material impact on the Group's business model and sources of financing.

Various PRC government entities maintain and enforce regulations related to local government financing vehicles (“LGFV”). As of the date of this Offering Circular, the Group is not on the list of LGFVs maintained by CBIRC. These government entities, including the Ministry of Finance (“MOF”), may from time to time interpret relevant laws and regulations differently based on their own interpretation of the specific activities engaged in by enterprises such as the Group. It is uncertain that certain regulations intended to apply to LGFVs do not or will not apply to the Group or that such regulations will not be retroactively applied to the Group.

To strengthen the management of financing vehicles of China's local governments and manage the risks relating to China's local government debt, the State Council of the PRC issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“Circular 19”) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Notes by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“Circular 2881”) in November 2010. According to Circular 19, local governments at different levels were required to classify the indebtedness incurred by their respective financing vehicles into three categories based on the standards and principles set by the State Council (namely (i) debts incurred relating to projects for public welfare and to be repaid with government funds, (ii) debts incurred relating to projects for public welfare and to be repaid with cash flow generated by the relevant projects and (iii) debts incurred relating to projects not for public welfare), and to manage or scale down according to the requirements set out in the circulars. According to Circular 2881, the financing vehicles of a local government must rely on their internal operating cash flow to finance the payment of more than 70 per cent. of the cash requirements for repaying their corporate bonds issued in the PRC. If revenue from the construction of public interest projects represents more than 30 per cent. of their total revenue, the financing vehicles should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of the local government's debts and comprehensive financial information. In addition, Circular 2881 reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating security interests over fiscal funds to secure the debts of their financing vehicles, directly or indirectly.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC and CBIRC jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government (關於進一步規範地方政府舉債融資行為的通知) (“Circular 50”). According to Circular 50, (i) local governments should not inject public assets and land reserves into their financing vehicles, and should not undertake to use the expected income from transfer of land reserves as sources of debt servicing for their financing vehicles, (ii) when providing financing to enterprises such as financing vehicles, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of letter of guarantee, letter of undertaking, letter of comfort or otherwise, and (iii) a financing vehicle shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 shall not be regarded as local government debts pursuant to applicable laws.

On 28 March 2018, the MOF issued the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (“**Circular 23**”). According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the new Budget Law of the PRC which took effect on 1 January 2015 and amended on 29 December 2018 (the “**New Budget Law**”), the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) (“**Circular 43**”) issued by the State Council of the PRC in September 2014 and other requirements, except for purchase of local government bonds, (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects of local construction, state-owned financial enterprises shall, under the “penetration principle”, ensure that the source of financing entities’ capital funds is in compliance with applicable laws and regulations, and that the financing projects satisfy the requirements for the proportion of capital funds, (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involves fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations, and (iv) such documents, including the offering circulars, shall not disclose information that can implicitly or explicitly indicate the government’s endorsement, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government’s credit.

According to the Guiding Opinions of Banking and Insurance Institutions on Further Effectively Preventing and Resolving Hidden Debt Risks of Local Governments (銀行保險機構進一步做好地方政府隱性債務風險防範化解工作的指導意見) (銀保監發[2021]15號 “**Circular 15**”), banking or insurance institutions shall not provide new liquidity loans or financing in the nature of liquidity loans to clients bearing the implicit debts of local governments.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財政部關於完善市場約機制嚴格防範外債風險和地方債務風險的通知) (“**Circular 706**”). According to Circular 706, any enterprise that intends to incur medium- and long-term foreign debts is prohibited from including public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, not-charged pipe network facilities and other public assets and the use right of reserve land in enterprise assets. Circular 706 also reaffirms that the offering circulars of bond issuances shall not disclose information that can implicitly or explicitly indicate the government’s endorsement of the offering, such as local financial revenues and expenditures and government debt information, and strictly prohibits misleading publicity that implies an association with the government’s credit. In addition, the liability of the local government as the shareholder of such foreign-debt-incurring enterprises shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 6 June 2019, the NDRC issued Notice of the Relevant Requirements for the Application for Recordation and Registration of Foreign Debt Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (“**Notice 666**”), which became effective on the same day. Notice 666 reaffirms that local state-owned enterprises shall take responsibility for foreign debt repayment as independent legal persons. Local governments or their

departments shall not directly repay, or promise to repay, the foreign debts of local state-owned enterprises with government funds, nor shall they provide guarantees for the foreign debts issued by the local state-owned enterprises. The foreign debts issued by local state-owned enterprises that undertake the financing function of local governments can only be used to repay medium- and long-term foreign debts due within one year. Meanwhile, local state-owned enterprises shall strengthen information disclosure when issuing foreign debts, and it is prohibited to include misleading publicity information, that may be linked to government's credit in the offering circular or other documents.

The above-mentioned regulations regulate the Group's operations and, in particular, may adversely affect the Group's access to financing by imposing requirements not only on the Group but also the lenders. The Group may need to rely on the cashflow generated from its operations and other forms of financing to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. In addition, the PRC government may issue more stringent policies that could affect the business of the financing platforms of local governments in the PRC in the future. Therefore, there can be no assurance that the Guarantor will be able to continue to carry out its business activities under the current business model in the future, which in turn may have a material adverse effect on the Guarantor's business model, sources of financing and results of operations.

The PRC government (including the Lianyungang Municipal People's Government) is not an obligor and shall under no circumstances have any obligation arising out of or in relation to the Bonds or the Guarantee. In the event the Issuer or the Guarantor does not fulfil its obligations under the Bonds or the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and their respective assets (excluding the public assets (if any)), and not any other person including the PRC government, the Lianyungang Municipal People's Government or any other local or municipal government. See "*Risks Relating to the Bonds and the Guarantee — The PRC government has no payment or other obligations under the Bonds or the Guarantee.*"

The Group has substantial indebtedness as well as contingent liabilities, and may incur further additional indebtedness and contingent liabilities in the future.

The Group has relied, and expects to continue to rely, on substantial amounts of short-term and long-term borrowings to fund a significant portion of its capital requirements. As at 31 December 2019, 2020 and 2021, the Group had approximately RMB38.34 billion, RMB37.76 billion, and RMB37.37 billion, respectively, of total borrowings. The level of both long-term and short-term borrowings may also continue to increase in the future as the Group continues to use external borrowings to fund its capital expenditures. Such indebtedness could have significant consequences, including the following:

- adversely affecting the Group's corporate credit rating;
- exposing the Group to risks arising from increases in interest rates;
- limiting the Group's ability to satisfy its obligations under their debts;
- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying such indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its businesses and the industries in which it operates;

- placing the Group at a competitive disadvantage compared with its competitors that have less debt;
- limiting, along with the financial and other restrictive covenants of the relevant subsidiary's indebtedness, amongst other things, the Group's ability to borrow additional funds; and
- increasing the cost of additional financing.

Furthermore, if the Group is unable to comply with the restrictions and covenants in its current or future debt and other agreements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the holders of the debt could terminate their commitments to lend to the Guarantor or the relevant subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Guarantor or its subsidiaries contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of debt or result in a default under other debt agreements. If any of these events occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of such indebtedness, or that the Group would be able to find alternative financing on acceptable terms or at all.

Additionally, the Group's ability to meet its respective payment and other obligations under its outstanding debt depends on the Group's ability to generate cash flows in the future or to refinance such debt. There is no assurance that the Group's operations will generate sufficient cash flows from operations to satisfy its obligations under the Group's outstanding debt and to fund other liquidity needs. If the Group is not able to generate sufficient cash flows to meet such obligations, the Group may need to refinance or restructure its debt, reduce or delay capital investments, or seek additional equity or debt financing. A shortage of financing, or a reduction in cash generated from financing activities, could in turn impose limitations on the Group's ability to plan for, or react effectively to, changing market conditions or to expand through organic and acquisitive growth, thereby reducing the Group's competitiveness. There is no assurance that future financing will be available to the Group on acceptable terms, or at all. The Group's debt-to-asset ratio may continue to rise, which would materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may not have access to external financing, or may not have such access on acceptable terms, and its growth prospects and future profitability may be adversely affected as a result.

The Group's core businesses require substantial capital investment. As at 31 December 2021, the Group had an amount of approximately RMB41.16 billion of outstanding bank loans and approximately RMB17.78 billion of outstanding debt securities issued in the PRC and RMB0.5 billion of perpetual bonds. The Group will continue to require additional capital resources to carry out its businesses in various sectors, in particular, its port operation, trade and logistics and construction engineering projects.

The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group and success of the Group's businesses;

- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service it provides, and may adversely affect the Group's business, financial condition and results of operations. See "*Risks Relating to the Group and its Businesses — The Group has substantial indebtedness as well as contingent liabilities, and may incur further additional indebtedness and contingent liabilities in the future.*"

The imposition or increase in the level of trade barriers, restrictions on exports or imports or trade disputes with principal trading partners of the PRC and the Group may adversely affect the Group.

The Group is subject to risks relating to changes in trade policies, tariff regulations, embargoes or other trade restrictions adverse to its customers' businesses. Actions by governments that result in restrictions on movement of cargoes or otherwise could affect international trade and reduce the volume of shipments. In addition, disruptions in international trade and political issues, tensions and conflicts may cause delays and interruptions to cross-border transportation and result in limitations on the Group's insurance coverage. Such policies, embargoes and other restrictions affecting the Group's ability to transport and deliver cargoes may have a material adverse effect on the Group's business, financial condition and results of operations. The Group's trading and logistics business may also be adversely affected by such trade tariffs and trade barriers.

The Group may be subject to stringent export and security requirements and its operations and business dealings may be subject to sanction risks.

As a result of increased terrorist activity and security concerns, there is a global move towards stringent inspection procedures and tighter import and export controls and security requirements. The costs associated with existing and any additional or updated security measures may adversely affect the financial condition and results of operations of the Group to the extent that the Group is unable to recover the full amount of such costs from its customers, who generally have also faced increased security-related costs. Similarly, additional security measures that require the Group to increase the scope of its screening procedures may effectively reduce the capacity of, and increase congestion at, Lianyungang Port, which may negatively affect the business, financial condition, results of operations and prospects of the Group.

The Group is required to comply with the relevant PRC customs standards in respect of the cargo handled by Lianyungang Port. When any transport vehicle, including vessels, transports imported or exported cargo for international trade, such cargo needs to clear customs, and the person in charge of the vehicle must make an accurate declaration to the customs office, submit the required paperwork for examination and accept control and examination by the customs office. The vehicle for transporting imported or exported cargo for international trade may not be released from the custody of the customs office without the office's permit. Both importers and exporters must make an accurate declaration and submit the import or export licensing documents and the relevant paperwork to the customs officials for examination. In the absence of import or export licensing documents, goods subject to import or export restrictions by the PRC government will not be released. If one of these vessels or cargo were to be

released before fulfilling these requirements, a penalty may be imposed upon the Group, and it may be subject to the confiscation of income, if any, from these illegal actions, which may adversely affect the Group's business, financial condition and results of operations.

In addition, there can be no assurance that Lianyungang Port or the cargo that passes through Lianyungang Port will not be affected by breaches in security or acts of terrorism. Any security breach or act of terrorism that occurs at Lianyungang Port could result in significant losses for the Group or subject the Group to significant liability, including the risk of litigation and loss of goodwill, if it were determined that the Group did not take reasonable measures to prevent such events. Any failure by the Group in managing the costs involved in complying with these requirements could also have a material adverse effect on the Group's financial condition and business operations.

Furthermore, the Group's port operation business may be affected by trade and economic sanctions or other restrictions imposed by the United States or other governments or organisations, including the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the Hong Kong Monetary Authority, the United Nations, the European Union and their member countries. If it were determined by the relevant governments or organisations that the Group's cargo handling services were carried out in violation of any trade or economic sanctions, the Group could be subject to sanctions or other penalties by such governments or organisations, and its business, results of operations and financial condition may be materially and adversely affected. In addition, the Group may be the subject of negative media or investor attention in respect of any business activities which involve sanctioned countries, individuals or goods, which may harm the Group's reputation and could have a negative impact on the Group's business, financial condition and results of operations.

The Group, as a port operator, is reliant on the cargo declarations made by the cargo agents and permits issued by the PRC Ministry of Commerce, General Administration of Customs and Marine Safety Administration to determine the origin and destination of the cargo, and is unable to independently verify the accuracy or completeness of the declarations made by its customers in respect of the cargo. Furthermore, the trade and economic sanctions are evolving and there can be no guarantee that the Group's future operations and business dealings will not be materially and negatively impacted by any changes in the economic sanctions or their interpretation, implementation and enforcement.

If the Group is unable to obtain or renew its port operating permit or if such permit is revoked, the Group's business, financial condition and results of operations may be adversely affected.

In the PRC, conducting port operations requires approval from the PRC government. The Group's operations are pursuant to the port operation permits issued by the relevant port authorities. The Port Law of the PRC (中華人民共和國港口法) and other relevant regulations authorise the port authorities to impose penalties or even revoke the port operation permits if the port operator fails to fulfil certain specified requirements. The Group is subject to the risk that its port operating permit may be revoked or rejected for renewal by the PRC government due to various reasons. If the Group fails to obtain or renew its port operating permit, its business, financial condition and results of operations may be adversely affected.

The PRC government may adjust port handling fees in a manner which may adversely affect the Group's business, financial condition and results of operations.

The main source of revenue for port operators is that of port handling fees charged to customers, including loading and unloading services, cargo port charges and port facilities security fees. Pursuant to the Plan on Port Fees (港口收費計費辦法), the Group is obliged to follow standard fees set by the PRC government on the Group's cargo port charges and port facilities security fees. If the PRC government adjusts such standard fees in the future in ways that are adverse to the Group's business interests, or if

there is any change to the current system regulating port handling fees and the Group is not able to effectively adapt to the new system, the Group's business, financial condition and results of operations may be adversely affected.

The Group's business operations are subject to workplace safety and environmental pollution risks, and compliance with workplace safety and environmental laws and regulations may require additional capital expenditure.

The Group's operations may involve hazardous materials and risky procedures which pose workplace safety and environmental pollution risks. Some of the cargo that the Group handles in its port operations and some of the products that the Group trades in may involve dangerous chemical products, therefore any mismanagement or improper handling of these chemicals in the course of loading, unloading, transporting and storing them could result in leaks, fires, explosions or a number of other potential safety incidents and environmental pollution risks. In addition, coal is also susceptible to the risk of spontaneous combustion or collapse, due to differences in quality, stockpiling time, ambient temperature and extremely harsh weather, amongst other factors. The construction of port facilities at Lianyungang Port by the Group may have an adverse environmental impact on the surrounding sea areas and thus subject the Group to more stringent governmental surveillance, inspections and regulations. The Group's operations may also be subject to breakdowns and failures of port equipment and construction equipment or improper operating procedures, which may result in accidents causing serious injuries, or even death, to the Group's employees and/or the employees of its service providers.

If the Group fails to exercise sufficient caution on safety and environmental matters, it could have a material and adverse effect upon the Group's business operations. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. The occurrence of any safety and environmental incidents could potentially subject the Group to administrative actions by environmental protection authorities or civil lawsuits. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase the compliance costs of the Group. Given the stringent workplace safety and environmental protection laws and regulations in the PRC, rising environmental protection standards, and any applicable carbon emission reduction policies the Group may have to make additional expenditures in order to further enhance its workplace safety standards, environmental pollution prevention measures and carbon emission reduction plans, which may have an adverse effect on the Group's financial position and business operations.

The Group's businesses require substantial capital investment, and a failure to obtain sufficient liquidity could limit the Group's ability to engage in desired activities and grow its business.

The Group's businesses are generally capital intensive and require significant amounts of working capital to support their respective operations and service their debt. Continuous funding of, and access to, working capital is critical for the Group to maintain its business activities and to grow its business through investments and acquisitions of new assets. The Group's liquidity may be impaired due to circumstances it is unable to control, such as general market disruptions, increases in the prices of commodities or an operational problem that affects its suppliers or customers or the Group itself.

In addition to maintaining a cash position from operations, the Group relies on other principal sources of liquidity, for example short-term and long-term bank loans and issuance of notes in the debt capital markets. An inability to raise funds in the long-term and short-term debt markets could have a material adverse effect on the Group's liquidity. The Group's access to adequate funds to finance its activities could be impaired by factors that affect the Group in particular or the industries or geographies in which it operates. Although the Group expects the continued support of financial institutions, there can be no assurance that additional credit or funding will be made available to the Group on acceptable terms or at all.

The Group's trading and logistics business and construction engineering business are dependent on the stable supply of raw materials and may be adversely affected by disruptions to the supply of, or price volatility relating to, such raw materials.

The Group's trading and logistics business and construction engineering business depend on reliable sources of large quantities of raw materials, the cost of which is subject to factors such as fluctuations in supply, market conditions and cost of transportation. There is no assurance that there will not be any interruption or disruption in, or change in terms of, the supply of raw materials required for the Group's businesses, or that the raw materials will be delivered in a timely manner or on acceptable terms or of an acceptable quality. If there is any interruption or disruption in the Group's supply of raw materials and the Group is unable to obtain suitable substitutes from alternative sources in a timely manner, the Group's business, financial condition and results of operations may be adversely affected.

Further, such supply is subject to price volatility caused by external conditions, including price fluctuations in commodities, fuel, food and chemicals and changes in governmental policies. There is no assurance that the Group's key suppliers will continue to provide it with raw materials on reasonable terms, or that the prices of its raw materials will remain stable in the future. In addition, the Group may not be able to transfer some or all of the cost increases in its raw materials to its customers. As a result, any increase or material fluctuation in prices of raw materials could have a material adverse effect on the Group's business, results of operations and financial condition.

Upgrading or redevelopment works or physical damage to the infrastructure and facilities in Lianyungang Port may disrupt the operations of Lianyungang Port and collection of income.

Lianyungang Port may need to undergo upgrading or redevelopment works from time to time to retain its competitiveness and may also require unforeseen maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The business and operations of Lianyungang Port may suffer some disruptions and it may not be possible to continue operations in areas affected by such upgrading or redevelopment works.

In addition, physical damage to Lianyungang Port resulting from fire, severe weather or other causes may lead to a significant disruption to the business and operations of Lianyungang Port and, together with the foregoing, may impose unforeseen costs on the Group and result in an adverse impact on the business, financial condition, results of operations and prospects of the Group.

Existing or planned supporting infrastructure near Lianyungang Port may be closed or relocated, terminated, delayed or not completed.

There is no assurance that existing or planned supporting road, highway and railway infrastructure near Lianyungang Port will be completed or will not be closed, relocated, terminated or delayed. For example, if the railway infrastructure that connects Lianyungang Port to other regions of the PRC is closed, Lianyungang may not be able to serve as a gateway for the export of goods manufactured in such other parts of the PRC, and may not be able to effectively distribute goods imported from overseas to other parts of the PRC. Such an occurrence would adversely impact the accessibility of Lianyungang and the appeal and marketability of Lianyungang Port to customers. This, in turn, could have an adverse impact on the business, financial condition, results of operations and prospects of the Group's port operation business. The Group's trading and logistics business may also be materially and adversely affected by such an occurrence.

Any reduction in the Group's operation capacity or interruption to its operations due to equipment replacement, remodelling or upgrade and any significant costs associated with replacing failed, ageing or obsolete equipment could have a material adverse effect on the Group's results of operations.

The Group's port operations rely on the proper functioning of critical pieces of complex equipment. Such equipment may require replacement, remodelling or upgrading as they age or experience unanticipated failures, any of which could result in reducing Lianyungang Port's cargo handling capacity or efficiency. There can be no assurance that the Group will not experience any material shutdowns or periods of material reductions in the cargo handling capacity of Lianyungang Port due to equipment failures. Any such reduction in Lianyungang Port's capacity or interruption to its operations could have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, if the Group's equipment ages, fails or becomes obsolete, the Group may incur additional costs to maintain, repair or replace such equipment. The cost of its replacement with new equipment could also increase due to factors beyond the Group's control. Any of these factors could cause the Group's operating margins to decline.

The Group's trading business is exposed to declines in the current and expected volumes of supply or demand for commodities and fluctuations in commodity prices.

The current and expected volumes of supply and demand for the commodities in which the Group trades vary over time based on changes in resource availability, government policies and regulations, costs of production, global and regional economic conditions, demand in end markets for products in which the commodities are used, technological developments, commodity substitutions, fluctuations in global production capacity, global and regional weather conditions and natural disasters. Furthermore, changes in current and expected supply and demand conditions affect the future prices (and thus the price curve) of each commodity.

Declines in the volumes of the commodities traded by the Group, as well as declines in the prices of commodities, could materially adversely impact the Group's business, results of operations and earnings in its trading and logistics business.

The success of the Group's trading activities depends in part on its ability to identify and take advantage of arbitrage opportunities.

Many of the commodity markets in which the Group operates are fragmented and periodically volatile. As a result, discrepancies generally arise in respect of the prices at which the commodities can be bought or sold in different forms, geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present the Group with arbitrage opportunities whereby the Group is able to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. The Group's profitability is, in large part, dependent on its ability to identify and exploit such arbitrage opportunities. A lack of such opportunities, for example due to a prolonged period of pricing stability in a particular market, or an inability to take advantage of such opportunities when they present themselves, because of, for example, a shortage of liquidity or an inability to access required logistics assets or other operational constraints, could adversely impact the Group's business, results of operations and financial condition.

The Group is subject to the risk that its agreements with its key suppliers and key customers may be terminated or may not be renewed, as well as other counterparty risks in its trading activities.

The Group is a party to various agreements with certain key suppliers for the supply of commodities for its trading business. The Group has various spot and long-term agreements, which are an important source of commodities for the Group's trading activities and provide certainty of regular supply for the Group. The Group also has sales agreements with its key customers which account for a significant proportion of the Group's overall sales volume and revenue from its trading businesses. Any termination of such supply agreements with key suppliers or sales agreements with key customers or failure to renew such agreements at the end of their terms could have an adverse effect on the Group's business, results of operations and financial condition.

The Group's trading activities are also subject to the risk of non-performance by its suppliers and customers. For example:

- a significant increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities to the Group at pre-agreed prices;
- a significant reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities from the Group at pre-agreed prices; and
- customers may take delivery of commodities from the Group but are unable to honour their payment obligations due to financial distress or any other reason.

Such failure of a counterparty or counterparties to fulfil their contractual obligations in the future may create an unintended and unmatched commodity price exposure and may adversely affect the Group's business, financial condition and results of operations.

The Group is dependent on its customers' business performance, their continuing outsourcing of logistics operations and the demand for international freight forwarding services.

As a logistics service provider, the Group is primarily engaged in providing services to manufacturers, retailers and other customers to serve their requirements along their supply chains. The Group is therefore dependent on its customers' business performance and developments in their markets and industries. Any decline in the customers' business performance may lead to a corresponding decrease in the demand for the Group's integrated logistics and international freight forwarding services. In addition, as the Group serves as a third-party logistics provider for its customers, changes in their outsourcing decisions could materially and adversely affect the Group's business, financial condition and results of operations; for example, customers may change their supply chain strategies and decide to reduce their outsourcing of logistics operations and perform certain or all of the operations themselves. Adverse developments in the business performance and outsourcing decisions of the Group's customers could therefore materially and adversely affect the Group's business, financial condition and results of operations.

The Group may not be able to complete its construction projects on time, within budget, or at all.

The Group's construction projects require substantial capital expenditures prior to and during the construction period. The progress and costs for a development project may be materially and adversely affected by many factors beyond the Group's control, including the following:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;

- changes in government policies or in applicable laws or regulations;
- delays in or increased costs of relocation of existing residents or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- disputes with or delays caused by the Group's contractors and sub-contractors;
- delays in the construction of supporting infrastructure or completing land clearing work by local government authorities;
- adverse weather conditions and natural disasters, including earthquakes, ice storms and other natural hazards;
- changes in market conditions;
- unforeseen engineering, design, environmental, structural or geographic problems;
- discovery of historic and cultural relics on the construction site; and
- widespread diseases or epidemics, including COVID-19, SARS, H5N1 flu, H7N9 flu, H1N1 flu and other diseases.

Any of these factors may lead to construction delays or increased costs, may require changes to planned specifications or may ultimately result in delays of the project. Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may result in increased costs, harm to the Group's reputation, loss of or delay in recognition of revenues and lower returns. If a development project is not completed on time, the Group may be required to increase its investment in such project other parties in the contract may be entitled to damages for late delivery or, under certain circumstances, may terminate the purchase contract and claim damages.

The Group cannot provide assurance that it will not experience any significant delays in the completion of its engineering construction projects in the future or that it will not be subject to any liabilities for any such delays. There can be no assurance that the Group will not experience any delays or other issues with respect to any of its projects. Any of these may disrupt the Group's project schedules and result in violation of the applicable regulations, which could have a material adverse impact on the Group's reputation, business, prospects, financial condition and results of operations.

Moreover, further regulatory changes, competition, inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and construction process. The Group may not be able to complete projects currently under construction and the Group may find itself liable to customers for losses suffered by them.

The Group relies on information technology systems for its business, and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integration and performance of the business, accounting and other data processing systems amongst the members of the Group. If the Group's systems cannot adapt with increased demand or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response and limitations on its ability to monitor and manage data and risk exposures, control financial and operational conditions, keep accurate records, and prevent any data privacy issues. These consequences could result in operating outages, poor operating performance, financial losses, and the intervention of regulatory authorities.

There is also no assurance that the Group's systems would not experience future systems failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic or communication volumes increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

The Group may not successfully implement its growth strategy.

In connection with the implementation of its business growth, the Group's strategy will, to some extent, depend on the identification of attractive projects, obtaining required approvals from relevant regulatory authorities in the PRC, and the availability and cost of financing. The Group's ability to continue to develop its business will depend on it being able to identify favourable opportunities, reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Group, and to enter into binding contracts with such parties, and to obtain financing to fund the projects. While the Group is experienced in conducting such negotiations, the success of negotiations with respect to any particular project cannot be assured. In addition, the Group may not successfully integrate newly acquired operations with its existing operations. Each project will also require certain government consents and approvals as part of the development process. There can be no assurance as to the timing and completion of any particular investment or joint venture arrangement or as to the availability of attractive investment opportunities.

There can also be no assurance that the Group's future projects will provide terms that are equivalent to, or as favourable as, the Group's existing projects. Failure to develop new projects will adversely affect the Group's growth prospects.

The Group may not successfully manage its growth.

As the Group continues to grow, the Group will need to improve its managerial, technical and operational knowledge and allocation of resources, to implement an effective information management system and to strengthen management control across its businesses. In order to fund the Group's ongoing operations and future growth, the Group will need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. The Group may develop or invest in new businesses ancillary to or related to the Group's existing businesses and such diversification may place significant demands on the Group's management and resources, as the Group may not have the experience or expertise necessary for the successful development of such new businesses. The Group may undertake potential acquisitions or enter into new strategic alliances, corporation agreements, memoranda of understanding and partnerships as part of its future business expansion plans, if suitable opportunities in the market arise. However, the

Group may not successfully identify new acquisition opportunities or opportunities on favourable or acceptable terms to the Group. The Group may not be able to integrate successfully the acquired business into the Group or deal with difficulties, such as the loss of middle management and junior staff, failure to detect and rectify business, operational or financial issues of the acquired business, and to derive any synergies from such acquisitions, leading to increases in costs, time and resources. There can be no assurance that the Group will be able to manage its growth successfully or that its expansion plans will not adversely affect the Group's existing operations and thereby have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may face risks related to its joint ventures.

The Group may conduct some of its businesses through non-wholly-owned subsidiaries, associated companies and jointly controlled entities in which it shares control (in whole or in part) with strategic or business partners. Cooperation and agreement between the Group's joint venture partners and the Group on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures if it does not have majority control of the joint venture, and may only have the ability to influence certain material decisions through contractual provisions or representatives. Also, there can be no assurance that any of these strategic or business partners will not terminate their relationships with the Group in the future. These occurrences may in turn affect the business, financial condition, results of operations and prospects of the Group.

The Group may fail to obtain or renew required government approvals, permits and licences for its operating activities.

The Group is required to obtain certain government approvals, permits and licences for its operating activities across its respective business segments. The Group's ability to carry on its business across its respective business segments is therefore subject to its ability to obtain, and the PRC government's decision to issue, renew and not revoke, such requisite approvals, permits and licences.

The Group from time to time acquires land and properties for its business operations. According to applicable PRC laws, the granting of land use rights is customarily conducted through a public tender and bidding process. A number of factors are taken into consideration when the government determines the granting of land use rights, such as the reputation, track record and financial conditions of the bidders and project budgeting. Granting of property ownership certificates is also subject to a number of conditions and procedures and sometimes requires documents and co-operation provided by contractors and third parties. Many of these factors are beyond the Group's control. As at the date of this Offering Circular, there are outstanding defects in land use rights and property ownership for certain land parcels and properties on which the Group carries out its operations.

As a company engaged in infrastructure construction, the Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC laws and regulations. For example, the Group is required to obtain a project approval and environmental assessment approval before it is permitted to commence construction of a project. As a project progresses, the Group needs to receive a land use right certificate (土地使用權證) or land use approval (用地批覆), construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證) and construction permit (建築工程施工許可證). Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for the Group to conduct

its business. As at the date of this Offering Circular, the Group has not obtained certain approvals, licences and permits from the relevant PRC governmental authorities for some of the projects under construction.

There can be no assurance that the Group will be able to obtain or renew its existing approvals, permits and licences on commercially reasonable terms in a timely manner, or at all, or that such approvals, permits and licences will not be revoked by the relevant authorities. The Group could be subject to fines or penalties imposed by the relevant government authorities, or required to cease the construction or operation of certain of the Group's projects due to non-compliance with the terms of the government approvals, permits and licences. Any such fines, penalties or orders for the cessation of construction or operation could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's business is subject to extensive government regulation and unforeseeable changes in rules and regulations by the PRC government.

Certain of the Group's businesses are highly regulated. As a result, the Group may face significant constraints on its flexibility and ability to expand its business operations or to maximise its profitability. In addition, the regulations and policies applicable to the Group's business may change from time to time. Changes in regulations and policies may adversely affect the Group's operations. The cost of complying with government regulations may become substantial. Although the Group has obtained all the approvals required to conduct its present operations, a failure or delay in obtaining any additional regulatory approvals required in the future could harm the Group's business and financial results.

In particular, the PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. For example, unfavourable changes in PRC government policies that affect the port operation and management industries could adversely affect the Group's port operation business and, in turn, its results of operations or financial condition.

The Group is reliant on independent contractors, sub-contractors and other service providers.

The Group engages independent third-party contractors and subcontractors and other service providers to provide various services including construction, transportation, storage and other services. There is no assurance that such independent third-party contractors or subcontractors will perform their obligations under the respective contracts. Failure by such third-party contractors, sub-contractors or other service providers to perform such obligation may result in material disruption to the Group's operations and significant losses of revenue and increases in costs to the Group. Furthermore, there is no assurance that the services rendered by such service providers engaged by the Group will be satisfactory. The Group is also exposed to the risk that such service providers may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's service providers may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's projects, impacting the operation of certain businesses or resulting in additional costs for the Group. The timely performance by these service providers may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption or delays in transportation, all of which are beyond the control of the Group. Any of these factors could materially and adversely affect the business, financial condition and results of operations of the Group.

Labour shortages, labour disputes or increases in labour costs as well as increases in material costs of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, prospects and results of operations.

The Group relies on third-party contractors to carry out certain port operations and construction. Many aspects of these operations are labour intensive. As such, labour shortages, labour disputes or increases in labour costs of third-party contractors could materially and adversely affect the Group's business, prospects and results of operations. Industrial action or other labour unrest could directly or indirectly prevent or hinder the development progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects. These actions are beyond the Group's foreseeability or control. There can be no assurance that labour unrest will not affect general labour market conditions or result in changes to labour laws. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have prompted the PRC government to amend labour laws to increase the protection of employees' rights. Increasing awareness of labour protection, as well as increases in minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including those contractors participating in the Group's projects.

As a result of economic growth and the boom in the construction industry in the PRC, other than wages, the price of construction materials and building equipment have also substantially increased in recent years. Under the terms of most of the Group's construction contracts, contractors may adjust contract prices to cover increases in the cost of construction materials. In order to maintain relationships with contractors, the Group may agree to bear a greater share of increased material costs than it is contractually obligated to bear. The Group is also exposed to the price volatility of labour and construction materials to the extent that it periodically enters into new construction contracts or renews existing construction contracts on different terms during the life of a project or, if it chooses, hires construction workers directly or purchases construction materials directly from suppliers. If the Group is unable to pass on any increase in the cost of labour, construction materials or building equipment to either its sub-contractors or to its customers, the Group's contracting business's prospects, financial condition and results of operations may be materially and adversely affected. As the Group is responsible for making progress payments to its third-party contractors, any increase in the labour costs and material costs of those third-party contractors may negatively affect the Group's cash flow, which could materially and adversely affect the Group's business, prospects and results of operations.

The Group's results of operations may be susceptible to material fluctuations of interest rates.

The Group has substantial indebtedness outstanding. Much of the Group's indebtedness bears interest that accrues at interest rates linked to the benchmark loan prime rate published by the PBOC. Any material fluctuation in the benchmark loan prime rate may have a material impact on the Group's interest expenses and payables under its bank loans and, in turn, affect its results of operations. The PRC government from time to time adjusts interest rates in implementation of the PRC government's economic and monetary policies. The PBOC has adjusted the benchmark one-year lending rate a number of times in the past in response to the changing PRC and global financial and economic conditions. In April 2020, the PBOC reduced the one-year loan prime rate from 4.05 per cent. to 3.85 per cent., and the five-year rate from 4.75 per cent. to 4.65 per cent. Due to the size of the Group's borrowings, its results of operations will be materially affected by the effective interest rate of these borrowings. There is also no assurance that PBOC will not raise the benchmark loan prime rate further or otherwise discourage bank lending, or that the Group's business, results of operations and financial position will not be materially and adversely affected as a result.

The Group's operations are subject to natural disasters, strikes and stoppages, outbreaks of contagious diseases, acts of war and terrorist attacks, including the recent COVID-19 pandemic.

Natural disasters, catastrophes or other events could result in severe personal injuries, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debts. The Group's operations are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If Lianyungang Port is damaged by severe weather or any other disaster, accident, catastrophe or other such events, the Group's operations may be significantly interrupted. Such events may also materially disrupt trade and affect the Group's logistics services. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

The Group may also experience disruptions to its operations due to strikes, labour disputes or other labour unrest, which may adversely affect its business, financial condition, results of operations and prospects. Any disruptions of transportation services due to strikes (such as strikes by truckers), or other events could also impair customers' ability to use Lianyungang Port. In addition, any labour interruptions in any of the ports that serve as starting points or final destinations for trade lanes calling at Lianyungang Port could lower the shipping volume passing through Lianyungang Port. Such disruptions could adversely affect the business, financial condition, results of operations and prospects of the Group.

In particular, the Group's operations are subject to outbreaks of epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), H7N9, Zika Virus Disease or COVID-19 may have a material adverse impact on the economic and social condition in the affected regions.

Acts of war and terrorist attacks may cause damage or disruption to Lianyungang Port, the Group, its employees, subcontractors, operations, equipment and facilities, as well as to its markets, any of which could impact its public image and revenue. The potential for wars or terrorist attacks may also create uncertainty and cause its business to suffer in ways that the Group cannot currently predict. Any of these may have a material and adverse effect on the Group's business, results of operations and financial condition.

The impact of the COVID-19 pandemic is uncertain and may affect the Group's business.

The COVID-19 outbreaks have been reported worldwide since December 2019 and declared as a pandemic by the World Health Organisation in March 2020. Government authorities around the world have introduced various measures to cope with the pandemic, including quarantines and lockdowns, which led to delays and reductions in business activities and transactions and an adverse impact on on-site business operations. The global outbreak of COVID-19 may further create negative economic impact and increase volatility in the PRC and global market, which can have a material adverse effect on the Group. For example, rising international COVID cases, including in countries such as India has caused a shortage of maritime or port services manpower and rerouting of ships due to risks of infected employees. The administrative actions taken by local governments in the PRC to control the spread of COVID-19 may also have an adverse impact on the businesses conducted by the Group, such as construction of engineering projects and other businesses. Moreover, supply of raw materials and productivity may be adversely affected. Furthermore, the Group's operations are highly focused in Lianyungang and Lianyungang Port, and any labour shortages, or slowdown in the growth of domestic consumption in Lianyungang Port, Lianyungang or the PRC in general could materially and adversely

affect the business, results of operations, financial condition and prospects of the Group. Since the outbreak of COVID-19 pandemic, the Group has implemented various measures to ensure the normal operation of its business as well as the health and safety of its employees, such as work from home, the adoption of flexible working arrangements and the supply of personal protection equipment to employees. As at the date of this Offering Circular, the foregoing incidents have not had a material adverse effect on the Group's business and operations. However, the effect of the vaccination programmes on the COVID-19 pandemic remains uncertain, and some countries and districts are experiencing emerging waves of the COVID-19 pandemic, in some cases of new variants of COVID-19 such as the Delta variant and the Omicron variant. In particular, in March 2022, another wave of COVID-19 broke out in Lianyungang as well as in other cities in China including Suzhou and Shanghai, which caused surging numbers of COVID cases in Lianyungang and these affected areas. Whilst COVID-19 is substantially under control within the PRC as at the date of this Offering Circular, there can be no assurance that the COVID-19 infection rate would be controlled or that infections would not spike in the future, which might in turn result in future travel advice and lockdowns in the PRC that have a material and adverse impact on the Group's business operations.

The Group faces litigation risks in the course of its business.

In the ordinary course of the Group's business, claims from suppliers, customers, third-party contractors and other service providers, joint venture partners and other parties may be brought against the Group or by the Group in connection with its business activities from time to time; for example, claims for alleged breaches of contracts and liabilities for defects, delays, injuries or damage. The claims can involve actual damages and liquidated damages, and may involve significant amounts.

Both claims brought against the Group and by the Group, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings which could also be disruptive to the Group's normal business operations. The results of these legal proceedings are often difficult to predict and the amounts ultimately realised from such claims by the Group could differ from the provisions included in the Group's financial statements. Moreover, legal proceedings resulting in judgments or findings against the Group may harm its reputation, cause economic losses and affect its business prospects. Such claims could therefore have a material and adverse impact on the Group's financial condition, results of operations and cash flow.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, which would in turn affect its reputation. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to counterparties in return for any type of benefits or gains;

- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Certain senior officials of the Group had been subject to investigations and charges relating to corruption and bribery in the past, whether during their term of office or after they have left the Group. These senior officials under such investigations have currently left all their positions within the Group and are no longer employed by the Group in any capacity. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective in all cases. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity and damage to the public image of the Group.

The Group has in the past been, and will from time to time be, subject to inspections, audits, investigations and supervision by various governmental, supervisory and other authorities. They have in the past provided, and will continue to provide, findings, guidance and recommendations. The Group pays great attention to such guidance and recommendations and seeks to continue to strengthen its internal control and risk management mechanisms. However, the Group could still suffer from negative publicity, reputational damage, monetary losses or litigation damages as a result of the misconduct of its employees.

The Group is subject to risks relating to accidents or other hazards which may not be covered by insurance.

The Group maintains insurance coverage for risks in most of its businesses, including damage to property and assets, employee insurance and third-party liability, where insurance is available on what it considers to be reasonable commercial terms. The insurance coverage maintained by the Group may not fully indemnify it for all potential losses, damages or liabilities relating to property or business operations, particularly those arising from or as a result of war, civil unrest, terrorism, pollution, fraud, professional negligence and acts of God. If the Group suffers any losses, damage or liabilities in the course of its operations arising from events for which it does not have any or adequate insurance cover, it may not have sufficient funds to cover any such losses, damage or liabilities or to replace any property that has been destroyed.

There may not be any insurance coverage available for certain accidents or liabilities incurred (or that may be incurred) in the course of hazardous operations. In addition, the Group's insurers may become impaired and become unable to meet claims. The occurrence of any of the above events and the resulting payment the Group makes to cover any losses, damage or liabilities may have a material adverse effect on its reputation, business, results of operations and financial condition. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities,

equipment, or other properties as a result of occurrences such as fire, flood, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, while every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements to cover such eventualities, it is possible that certain accidents or incidents are not covered by these arrangements, which could adversely affect the business, financial condition and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group's continued success largely depends on its senior management and other key personnel.

The Group's continued success depends heavily on its current senior management team, including its executive officers and other skilled managerial and technical personnel. The Group's businesses and financial condition may suffer if it loses the services of its key personnel and is not able to recruit quality replacements. Furthermore, as the Group's businesses continue to grow, it will need to recruit and train additional qualified personnel. If the Group fails to attract and retain qualified personnel, the Group's businesses and financial condition and long-term prospects may also be adversely affected.

The Group may not effectively implement risk management and internal control policies and procedures to manage its financial risks.

Financial risks are inherent in the Group's businesses. Although systems and procedures are in place to identify and report, on a timely basis, the liquidity, foreign exchange, interest rate and credit risks arising from the activities of its businesses, there can be no assurance that these systems and procedures will prevent any loss that affects the Group's financial condition. In addition, many of the current systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the systems and the information generated from them depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal controls could have a material adverse effect on the Group's businesses, results of operations and financial condition.

Any failure to maintain an effective quality control system could have an adverse effect on the Group's business and operations.

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for its businesses and operational activities. However, the effectiveness of the Group's quality control system depends significantly on a number of factors, including the design of the system, the related training programme, as well as its ability to ensure that the Group's and the subcontractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of construction carried out by the Group will always meet the required standards. Any failure or deterioration of the Group's quality control systems could result in defects in its projects or products, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the

Group believes that its quality control systems have been functioning properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The Group is subject to fluctuations in exchange rates.

A substantial portion of the transactions of the Group are denominated in Renminbi, and the functional currency of the Group's financial statements is Renminbi. The Group's overseas operations are denominated in U.S. dollars or other foreign currencies. Any devaluation of the U.S. dollar or other applicable foreign currency against the Renminbi may adversely affect the value of the Group's overseas assets and overseas operations, although the Group currently does not have significant overseas assets and overseas operations. Furthermore, the Bonds are denominated in U.S. dollars and the Guarantor is required to settle all payments of principal and interest under the Guarantee in U.S. dollars. Therefore, the devaluation of the Renminbi against the U.S. dollar may also adversely affect the Guarantor's ability to perform its obligations under the Guarantee.

The value of the Renminbi is subject to changes in the PRC's governmental policies and to international economic and political developments. There can be no assurance that such exchange rate will remain stable against the U.S. dollar or other foreign currencies in the market. The Group has payment obligations arising from its trading activities overseas and debt obligations, both of which are denominated in foreign currencies. In this regard, depreciation of the Renminbi against the United States dollar or any such other relevant foreign currencies could have an adverse effect on the Group's business, financial condition and results of operations. Any volatility of the Renminbi exchange rate in the future may materially affect the Group's business, financial condition, operating results and future prospects, and any devaluation of Renminbi against the U.S. dollar will increase the amount of Renminbi the Group would need to service its obligations denominated in U.S. dollars or other relevant currencies.

The Group faces competition in the markets in which it operates, which may adversely affect its business and results of operations.

The Group believes that the port operation, trading and logistics and construction engineering industries in the PRC are in a market-oriented open-competition environment. The Group's competition comes from various sources, including large state-owned enterprises of the PRC, privately-owned domestic companies, and leading international companies, in Jiangsu Province in particular. As a result of the PRC's accession to the World Trade Organisation, the PRC government has opened up domestic markets to foreign competition, and foreign invested companies are now allowed to participate in various types of port or construction projects. The Group also competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. In the PRC, some of the local companies have extensive local knowledge and business relationships and a longer operational track record in the relevant local markets than the Group. The international companies are able to capitalise on their overseas experience to compete in the PRC markets. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, availability of capital and financing resources and the introduction of new or improved products and services. There can be no assurance that the Group's current or potential competitors will not offer services or products comparable or superior to those that it offers at the same or lower prices, or adapt more quickly than the Group does to evolving industry trends or changing market conditions. The Group may lose its customers to its competitors if, among other things, it fails to keep its prices at competitive levels or to sustain and upgrade its capacity and technology. Increased competition may result in price reductions, reduced profit margins and loss of market share.

The Guarantor published and may continue to publish interim financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Guarantor from time to time issues debt securities in the domestic capital markets in the PRC. According to applicable PRC securities regulations, the Guarantor needs to publish its quarterly, semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its debt securities issued in the domestic capital markets. After the Bonds are issued, the Guarantor is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited interim financial statements. The quarterly and semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited or reviewed information. The Guarantor is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them.

This Offering Circular contains facts and statistics relating to the economy of the PRC, Lianyungang and the industries in which the Group operates. While the Issuer and the Guarantor have taken reasonable care to select reliable information sources and ensure that the facts and statistics relating to the PRC, Lianyungang and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

The consolidated financial statements of the Group have been prepared and presented in accordance with PRC GAAP, which are different from IFRS in certain respects.

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Public corporate disclosure about the Guarantor may be limited.

As the Guarantor's equity securities are not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies. The Guarantor is currently not subject to requirements to produce and maintain public information relating to its business or to publicly publish financial information or other information that would be required if it did have an equity listing in Hong Kong or elsewhere. Ongoing requirements imposed on the Guarantor

relating to the issue of the Bonds are not as stringent as those which would apply to a primary or secondary equity listing. The Guarantor is also not subject to, and will not become subject to by virtue of the listing of the Bonds, the requirements that apply to companies with a primary or secondary equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical information available in relation to the Group's business. Accordingly, investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon.

The Group's results of operations may fluctuate from period to period.

The Group's results of operations may fluctuate from period to period as a result of a number of factors, such as general economic conditions, local market conditions and demands, government policies and incentives measures in business areas where the Group operates, the Group's ability to develop and complete projects on time, as well as its accounting policies for revenue recognition. In addition, the Group's results of operations are also affected by the Group's ability to develop and complete engineering construction projects on time, as well as its accounting policies for revenue recognition.

As a result, the Group's results of operations may fluctuate from period to period. The Group's results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future.

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect the Group's businesses, financial condition and results of operations.

China's economy differs from the economies of most developed countries in many respects, including the economic structure, level of government involvement, control of capital investment, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, the Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future businesses, financial condition and results of operations. A large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue its economic reforms or that any such future reforms will not have an adverse effect on the Group's business.

China has been one of the world's fastest emerging economies in terms of GDP growth in recent years. However, China may not be able to sustain such a high growth rate. In order to maintain the sustainable growth of the economy, the PRC government from time to time implements various macroeconomic and other policies and measures, including but not limited to contractionary or expansionary policies and measures to promote stable economic conditions. In an effort to stimulate the growth of the Chinese economy, the PRC government has implemented and may continue to implement various monetary, fiscal or other economic measures to expand investments in infrastructure projects, increase liquidity in the credit markets and encourage employment. However, there is no assurance of

the effectiveness of such monetary, fiscal or other economic measures. Recently, investors have been concerned about the global economic outlook, including trade tensions between the United States and the PRC and their imposition of tariffs on goods from the other country, the level of growth in the PRC and economic recovery in the United States, all of which have adversely affected the global economy in general. See also “*Risks Relating to the Group and its Business — The Group’s businesses may be affected by regional and global economic, financial and political conditions*”. If the Chinese economy experiences a slowdown or even a downturn, the Group may experience a reduction in production output or cancellation of new projects and demand for port operation services or construction engineering projects may grow at a lower than expected rate or otherwise decrease. Furthermore, the Group cannot guarantee that it is able to make timely adjustments to its business and operational strategies so as to capture and benefit from the potential business opportunities presented to the Group as a result of the changes in the economic and other policies of the PRC government. Moreover, unfavourable financing and other economic conditions for the industries that the Group serves could negatively impact the Group’s customers and their ability or willingness to fund capital expenditures in the future or pay for past services.

The PRC government’s pilot plan to replace business tax with value-added tax (“VAT”) may subject the Group to more taxes, which could adversely affect the Group’s business, results of operations and prospects.

Pursuant to the PRC Provisional Regulations on Business Tax (《中華人民共和國營業稅暫行條例》), taxpayers providing taxable services falling under the category of service industry in China are required to pay a business tax at a normal tax rate of 5 per cent. of their revenues. In November 2011, MOF and the State Administration of Taxation (“SAT”) promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業稅改徵增值稅試點方案》). Pursuant to this pilot plan and relevant subsequent notices, from 1 January 2012, VAT gradually replaced business tax in the transport and post industry, telecom industry and some of the modern service industries in China. Under the pilot plan, a VAT rate of 6 per cent. applies to certain modern service industries. On 23 March 2016, the Ministry of Finance and SAT promulgated the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-Added Tax to Replace Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (“**Circular 36**”). Pursuant to Circular 36, starting from 1 May 2016, the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis. Although the VAT pilot programme is mainly intended to reduce double taxation under the business tax system, the Group may be subject to more taxes under the VAT pilot programme in connection with the Group’s operations and activities in China, which could adversely affect the Group’s business, results of operations and prospects.

The Group’s labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The amended “Labour Contract Law of the PRC” (《中華人民共和國勞動合同法》) became effective on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the Labour Contract Law of the PRC, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or are better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the Labour Contract Law of the PRC. In addition, unless otherwise prohibited by the Labour Contract

Law or objected to by the employees themselves, the employer is also required to enter into non fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the “Regulations on Paid Annual Leave for Employees” (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees’ work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the Labour Contract Law of the PRC and the “Regulations on Paid Annual Leave for Employees” the Group’s labour costs (inclusive of those incurred by contractors) may increase. Further, under the Labour Contract Law of the PRC, when an employer terminates its PRC employees’ employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non fixed-term employment contracts without cause. In the event the Group decides to significantly change or decrease its workforce, the Labour Contract Law of the PRC could adversely affect its ability to effect these changes in a cost effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group’s businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group’s products are likely to increase. This may in turn affect the selling prices of the products, which may then affect the demand of such products and thereby adversely affect the Group’s sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

The PRC legal system has inherent uncertainties that could limit the legal protection available to investors.

PRC laws and regulations govern the Group’s operations in China. The Group and most of its operating subsidiaries are organised under PRC laws. China’s legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value unless otherwise provided by the Supreme Court. Since the late 1970s, China has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade.

However, many of these laws and regulations, particularly with respect to the financial services industry, are relatively new and evolving, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation, implementation and enforcement of China’s laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to investors, and can adversely affect the value of your investment.

For example, on 1 January 2006, substantial amendments to the PRC Company Law (中華人民共和國公司法) and the PRC Securities Law (中華人民共和國證券法) came into effect. Since then, the PRC Company Law was further amended on 28 December 2013 (and came into effect on 1 March 2014) and on 26 October 2018 (and came into effect on the same day) and the PRC Securities Law was further amended on 29 June 2013, 31 August 2014 and 28 December 2019 (and came into effect on 1 March 2020). As a result, the State Council and the China Securities Regulatory Commission (the “CSRC”)

may revise the special regulations and mandatory provisions and adopt new rules and regulations to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. There is no assurance that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of the Bondholders.

In particular, the industries in which the Group operates are highly regulated. Many aspects of the Group's business depend upon the receipt of the relevant government authority's approvals and permits. As China's legal system and China's financial services industry develop, changes in such laws and regulations, or in their interpretation or enforcement, could materially adversely affect the Group's business, financial condition or results of operations.

In addition, inflation in the PRC increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Bonds and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned" (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"), which is still in full force and effect as at the date of this Offering Circular and will be replaced by and become invalid when the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong" (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply. Under the Arrangement, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Arrangement are limited and the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate to claim outside of Hong Kong will be limited.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Guarantor and its management.

The Guarantor is an enterprise incorporated under the laws of the PRC and a substantial portion of its assets and its subsidiaries are located in the PRC. In addition, most of the Guarantor's directors, supervisors and executive officers reside within the PRC and the assets of the Guarantor's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon most of the Guarantor's directors, supervisors and executive officers, including with respect to matters arising under the U.S. federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the United States, the United Kingdom and any of the other jurisdictions mentioned above may be difficult or impossible.

Government control of currency conversion could affect the Group's ability to obtain foreign currencies and pay interest to holders of the Bonds in foreign currencies.

Majority of the Group's revenue is denominated in Renminbi, which is also its reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies, particularly U.S. dollars, in order to meet its foreign currency needs, including cash payments on declared dividends, if any, on its Bonds.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay interest to the holders of its Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the NDRC, MOFCOM, SAFE and other competent authorities. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

Future fluctuations in the value of the Renminbi could have a material adverse effect on the Group's financial condition and results of operations.

While the Group generates most of its revenue in China, it also sells metal products in the international markets and provides engineering and technical services to overseas customers. A portion of the Group's revenue, expenses and bank borrowings is denominated in Hong Kong dollars, U.S. dollars, Euro and other foreign currencies, although its functional currency is the Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, Hong Kong dollar and U.S. dollar, could affect the Group's profitability and may result in foreign currency exchange losses of its foreign currency-denominated assets and liabilities.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and U.S. dollar, has been based on rates set daily by the PBOC based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC government would reform the

Renminbi exchange rate regime and increase the flexibility of the exchange rate. In August 2019, the PBOC on 5 August 2019 set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further appreciation or depreciation of the Renminbi against the U.S. dollar. There can be no assurance that the Renminbi will not experience significant appreciation or depreciation against the U.S. dollar in the future. As to risk of devaluation of Renminbi against the U.S. dollar, see “*Risk Relating to the Group and its Businesses — The Group is exposed to foreign exchange fluctuations*” for more information.

Currently, the Group has entered into several hedging transactions to mitigate its exposure to foreign exchange risk. However, it cannot be assumed that any significant increase in the value of the Renminbi against foreign currencies would not reduce the value of its foreign currency-denominated revenue and assets.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Bonds may not be a suitable investment for all investors seeking exposure to green projects or assets.

The Issuer will use the amount equal to the net proceeds from the offering of the Bonds for financing and/or refinancing the Eligible Green Projects (as defined in the section “*Green Finance Framework*” below) which are consistent with the Green Finance Framework of the Issuer. A prospective investor should have regard to the information set out in the section “*Green Finance Framework*” and determine for itself the relevance of such information for the purpose of an investment in the Bonds together with any other investigation it deems necessary. No assurance is given that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, such Green Finance Framework. Each prospective investor should have regard to the factors described in section “*Green Finance Framework*” and the relevant information contained in this Offering Circular and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Bonds before deciding to invest. The Issuer's Green Finance Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this document.

In connection with the issue of the Bonds, the Issuer has engaged S&P Global Ratings to provide a second party opinion in relation to the Bonds (the “**Second Party Opinion**”)

The Second Party Opinion is not incorporated into, and does not form part of, this Offering Circular. The Second Party Opinion is not a recommendation to buy, sell or hold securities and are only current as of its date of issue and is subject to certain disclaimers set out therein. Furthermore, the Second Party Opinion is for information purposes only and S&P Global Ratings does not accept any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided in it. As at the date of this Offering Circular, the providers of such Second Party Opinion are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. Whilst the Issuer has agreed to certain obligations relating to reporting and use of proceeds as described under the sections headed “*Green Finance Framework*” and “*Use of Proceeds*”, it would not be an Event of Default under the Terms and Conditions of the Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Bonds, in the manner specified in this Offering Circular and/or (ii) the Second Party Opinion issued in connection with such Bonds were to be withdrawn. Any failure to use the net proceeds of the issue of the Bonds in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to such Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Bonds are included in any dedicated “green”, “environmental”, “social”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them makes any representation as to the suitability for any purpose of the Second Party Opinion Report or (i) whether the Bonds will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used to finance and/or refinance Eligible Green Projects in accordance with the criteria described in Green Finance Framework, or (iii) the characteristics of Eligible Green Projects, including their environmental and sustainability criteria. Each potential purchaser of the Bonds should have regard to the relevant projects and eligibility criteria described under the sections headed “*Green Finance Framework*” and determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Bonds should be based upon such investigation as it deems necessary.

The Bonds are not linked to the performance of the Eligible Green Projects described in “Green Finance Framework”, do not benefit from any arrangements to enhance the performance of the Bonds or any contractual rights derived solely from the intended use of proceeds.

The performance of the Bonds is not linked to the performance of the Eligible Green Projects in accordance with the criteria described in “*Green Finance Framework*” or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Eligible Green Projects. Consequently, neither payments of principal and/or interest on the Bonds nor any rights of Noteholders shall depend on the performance of the Eligible Green Projects

or the performance of the Issuer in respect of any such environmental or similar targets. Holders of the Bonds shall have no preferential rights or priority against the assets of any Eligible Green Projects nor benefit from any arrangements to enhance the performance of the Bonds.

The obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of its subsidiaries.

The Issuer was established by the Guarantor specifically for the purpose of issuing the debt and hybrid securities and will on-lend the proceeds from the issue of such securities to the Guarantor and any of its subsidiaries for refinancing and general working capital purposes of the Group. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Bonds will depend on its receipt of timely payments from the Guarantor under such loan arrangement.

The Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Guarantor's existing and future subsidiaries, whether or not secured. The Guarantor's obligations under the Guarantee will not be guaranteed by any of the Guarantor's subsidiaries, and the Guarantor's ability to make payments under the Guarantee depends partly on the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of such subsidiaries to pay dividends to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, upon that subsidiary's liquidation or reorganisation, will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Guarantor are creditors of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries and any subsidiaries that the Guarantor may in the future acquire or establish. The outstanding indebtedness of the subsidiaries of the Guarantor may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries and joint ventures could be reduced in the future.

The Guarantee is the Guarantor's unsecured obligations and will (i) rank equally in right of payment with all the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Guarantee only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

If the Guarantor fails to complete the SAFE registration in connection with the Guarantee, there may be hurdles for cross-border payment under the Guarantee.

The Guarantor, as a PRC-incorporated company, is required to obtain approvals and/or registrations before the issuance of such Bonds or within the required period after such creation and issuance in order to guarantee any indebtedness incurred by a foreign entity under any bond issuance, including its foreign incorporated subsidiary. As at the date of this Offering Circular, the approvals and/or registrations will be issued or completed pursuant to the Provisions on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理規定) promulgated by the SAFE on 12

May 2014 (the “**Foreign Exchange Cross-border Guarantee Rules**”), the Operational Guidelines on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理操作指引) promulgated by SAFE on 12 May 2014 (the “**SAFE Guidelines**”), and other relevant regulations.

There is no assurance that the Guarantor will be able to complete the registration of the Guarantee with SAFE within the prescribed timeframe or at all. Under the Terms and Conditions of the Bonds, Bondholders may require the Issuer to redeem their Bonds in the event that the Guarantee is not filed within a specified timeframe. Bondholders who do not exercise such redemption option should note that before requisite registrations and/or approvals of the Guarantee given by the Guarantor are completed, it is uncertain whether the Guarantee given by the Guarantor can be enforced in practice. Although the failure to register does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE registration. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee.

The Foreign Exchange Cross-border Guarantee Rules and the SAFE Guidelines are recent regulations and their interpretation may involve significant uncertainty, which may adversely affect the practical enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of the Foreign Exchange Cross-border Guarantee Rules and SAFE Guidelines may be subject to a certain degree of executive and policy discretion by the SAFE.

Any failure to complete the relevant filings under the Circular 2044 within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the Circular 2044 on 14 September 2015, which came into effect on the same day. According to the Circular 2044, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity not less than one year with the NDRC prior to the issue of the securities. Furthermore, relevant issuers are required to notify the NDRC the particulars of the relevant issues within 10 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the completion of the issue of such debt. The Circular 2044 is silent on the legal consequences of non-compliance with the pre-issue notification requirement. The Guarantor has completed the NDRC pre-issue registration on 17 February 2022. Similarly, there is no clarity as to the legal consequences of non-compliance with the post-issue notification requirement under the Circular 2044. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the Circular 2044 may result in it being unlawful for the Issuer and/or the Guarantor to perform or comply with any of their respective obligations under the Bonds and the Guarantee, and the Bonds might be subject to enforcement as provided in Condition 9 of the Terms and Conditions of the Bonds. Additional guidance has been issued by the NDRC on 18 December 2015 (the “**NDRC Circular Guidelines**”), which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the Circular 2044 may be blacklisted and subject to sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC. There is no assurance that the implementation of such blacklist or the imposition of such sanctions will not have any impact on the holders of the Bonds, in the event of a non-compliance by the Guarantor with the Circular 2044.

Since the Circular 2044 has not stipulated any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the

NDRC may impose in case of failure of such pre-issue registration with, or post-issue report to, the NDRC. There is also no assurance that the registration with the NDRC will not be revoked or amended in the future or that changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Guarantor will undertake to notify the NDRC of the particulars of the issue of the Bonds within the prescribed time in accordance with the Circular 2044.

The PRC government has no payment or other obligations under the Bonds or the Guarantee.

The PRC government (including the Lianyungang Municipal People's Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee, the Trust Deed or the Agency Agreement in lieu of the Issuer or the Guarantor. Any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the Issuer or the Guarantor's financial condition. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the "Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises" (《財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知》財金[2018]23號), (the "**MOF Circular**") promulgated on 28 March 2018 and which took effect on the same day, and the "Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks" (《國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》) (the "**Joint Circular**") promulgated on 11 May 2018 and which took effect on the same day.

The PRC government as the ultimate shareholder of the Issuer only has limited liability in the form of its indirect equity contribution in the Issue. As such, the PRC government does not have any payment obligations or other obligations under the Bonds, the Guarantee, the Trust Deed or the Agency Agreement. The Bonds are solely to be repaid by the Issuer and guaranteed by the Guarantor, each as an obligor under the relevant transaction documents and as an independent legal person.

Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Guarantor and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements.

The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds. On the Maturity Date or if such an event was to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The source of funds for any such redemption would be available cash of the Group or third-party financing. However, the Issuer or the Guarantor may not have enough available funds at the time of the occurrence of any Relevant Event to redeem outstanding Bonds. If an event constituting a Relevant Event occurs at a time when the Issuer is prohibited from redeeming the Bonds by the terms of its other debt instruments, the Issuer may seek the consent of the investors of such debt instruments under such indebtedness to redeem the Bonds or may attempt to refinance the debt instruments that contain such prohibition. If such a consent to repay such debt instruments is not obtained, the Issuer may be unable to redeem the Bonds. The Issuer's failure to redeem the outstanding Bonds would constitute an event of default under the Bonds. The event of default may, in turn, constitute an event of default under other

debt instruments, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer's other debt instruments were to be accelerated, it may not have sufficient funds to redeem the Bonds and repay those debt instruments.

The ability to redeem the Bonds on the Maturity Date or in any such event may also be limited by the terms of other debt instruments. Certain events constituting a Relevant Event under the Bonds may also constitute an event of default under certain of the Issuer, the Guarantor or their respective subsidiaries' debt instruments, requiring repurchase or repayment of such debt instruments. In addition, future debt of the Issuer or the Guarantor may also: (1) prohibit the Issuer from redeeming Bonds in the event of a Relevant Event; (2) provide that a Relevant Event is a default; or (3) require the repurchase or repayment of such debt upon a Relevant Event. Moreover, the exercise by the Bondholders of their right to require the Issuer to redeem the Bonds could cause a default (even if the Relevant Event itself does not) under the Issuer, the Guarantor or their respective subsidiaries' other indebtedness, due to the financial effect of the redemption on all of them. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Issuer, the Guarantor or other members of the Group.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.

Certain debt agreements entered into by members of the Group may contain operational and financial restrictions that prohibit any member of the Group from incurring additional indebtedness, restrict such member of the Group from creating security or granting guarantees or prohibit such member of the Group from changing its business and corporate structure, or amending its articles of association unless they obtain the lender's prior consent. If the Issuer, the Guarantor or any member of the Group is unable to comply with the restrictions and covenants in the Bonds (in the case of the Issuer and the Guarantor), or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, the Guarantor or the relevant member of the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer, the Guarantor or the relevant member of the Group under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Issuer, the Guarantor or relevant member of the Group, or that it would be able to find alternative financing. Even if the Issuer, the Guarantor or the relevant member of the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer, the Guarantor or the relevant member of the Group.

The Issuer may issue additional bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

The Bonds may not be a suitable investment for all investors.

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds may not be suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the Terms and Conditions of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- (v) understand the tax consequence of the purchase, ownership and disposition of the Bonds; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The liquidity and price of the Bonds following this offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis of 2008 and 2009, the global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in economic growth, increases in inflation rates and uncertainty about economic stability. For example, the COVID-19 pandemic resulted in widespread unemployment, economic slowdown and extreme volatility in the capital markets. Similarly, the current conflict between Ukraine and Russia has created extreme volatility in the capital markets and is expected to have further global economic consequences. If the financial markets deteriorate, including as a result of a resurgence of COVID-19, political unrest or war, the market price of the Bonds could be adversely affected.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in, the Bonds on the Hong Kong Stock Exchange, there can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to, or exempt from, registration under the Securities Act.

The Issuer may be treated as a PRC resident enterprise for PRC tax purpose, which may subject the Issuer to PRC income taxes on its world-wide income and interest payable by the Issuer to foreign investors and gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

The Issuer is incorporated under the laws of Hong Kong. Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") and its implementation regulations, enterprises that are established under the laws of foreign countries and regions but whose "de facto management bodies" are within the

PRC are treated as PRC tax resident enterprises for the purposes of the EIT Law. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “*de facto* management body” of the Issuer is within the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purposes of the EIT Law and income or gains paid with respect to the Bonds may be considered to be derived from sources within the PRC.

Under the EIT Law and its implementation rules, any income or gains realised by non-resident enterprises may be subject to PRC enterprise income tax if such income or gains are regarded as derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer would be subject to PRC enterprise income tax at the rate of 25 per cent. on its global income in the future, interest paid on the Bonds may be considered to be derived from sources within the PRC, in which case the Issuer would be required to withhold income tax at the applicable rate of 10 per cent. from payments of interest in respect of the Bonds to any non-resident enterprise holders. Pursuant to the Individual Income Tax Law of the PRC and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, the Issuer may be obliged to withhold such individual income tax on payments of interests to non-resident individual holders of the Bonds.

Any capital gain realised by a non-resident enterprise from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly may be subject to a PRC tax of up to 10 per cent. if the Issuer is treated as a PRC tax resident. Any capital gain realised by a non-resident individual holder from transfer of the Bonds may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. if the Issuer is treated as a PRC tax resident enterprise.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Taxation Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation (the “**SAT**”) issued Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》Caishui [2016] No. 36) (“**Circular 36**”), which introduced a new VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax or VAT on the interest or capital gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

The Bonds are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC (each a “**Relevant Jurisdiction**”) or any political subdivision or authority therein or thereof having power to tax. Although

pursuant to the Terms and Conditions of the Bonds, the Issuer and the Guarantor are required to gross up payments on account of any such withholding taxes or deductions, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment or order of a court of competent jurisdiction), which change or amendment becomes effective on or after 9 June 2022 where the Issuer or the Guarantor has or will become obligated to pay additional tax and such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it.

The insolvency laws of Hong Kong and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Issuer and the Guarantor are incorporated under the laws of Hong Kong and the PRC respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve Hong Kong or the PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Exchange rate risks and exchange controls may result in a Bondholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency equivalent yield on the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency equivalent market value of the Bonds.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Bondholder may receive less interest or principal than expected, or no interest or principal.

The ratings of the Bonds may be downgraded or withdrawn and may adversely affect the market price of the Bonds.

The Bonds are expected to be rated "BBB" by Fitch, upon issuance. S&P and Fitch have assigned a corporate rating of "BBB- (stable)" and "BBB (stable)", respectively, to the Guarantor. The ratings represent opinions of the rating agency and its assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds. The ratings can be lowered or withdrawn at any time. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency. Any decline in the financial position of the Issuer, the Guarantor, or any of its subsidiaries may impair the ability of the Issuer or the Guarantor to make payments to the Bondholders under the Bonds and/or result in the rating of the Bonds being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Bonds is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Bonds. Neither the Guarantor nor the

Issuer is obliged to inform the holders of the Bonds if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Bonds and the Issuer's and the Guarantor's ability to access debt capital markets.

Any downgrading of the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and liquidity.

Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch and S&P may adversely affect the Group's business, its financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to gain access to capital markets may also be limited, thereby lowering its liquidity.

The Trust Deed and the Terms and Conditions of the Bonds contain limited restrictive operating covenants and no financial covenants.

The Terms and Conditions of the Bonds contains a negative pledge at Condition 4(a) (*Negative Pledge*). Except for the above, the Trust Deed and the Terms and Conditions of the Bonds do not contain any other restrictive financial or operating covenants or restrictions, including covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase or repayment of securities by the Issuer or the Guarantor. The Trust Deed and the Terms and Conditions of the Bonds do not contain any covenants or provisions that require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to its financial position or results of operations. The ability of the Issuer and/or the Guarantor to recapitalise, incur additional debt and take other actions that are not limited by the terms of the Trust Deed or the Terms and Conditions of the Bonds could have the effect of diminishing the ability of the Issuer to make payments on the Bonds when due.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer and the Guarantor pursuant to Condition 9 of the Terms and Conditions of the Bonds and taking of any step and/or action and/or the instituting of any proceeding pursuant to Condition 14 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take any step and/or action and/or to institute any proceeding, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or to institute such proceedings directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant

meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual Bondholders.

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach, of any of the Terms and Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions of the Bonds will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds and any such change could materially adversely impact the value of any Bonds affected by it.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what Bondholders are accustomed to.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds, the Agency Agreement, the Deed of Guarantee and the Trust Deed by the Trustee or less than all of the holders of the Bonds, and decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of the individual holders of the Bonds.

The Terms and Conditions of the Bonds will provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification of the Trust Deed, the Terms and Conditions of the Bonds, the Deed of Guarantee and/or the Agency Agreement (other than in respect of a reserved matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Terms and Conditions of the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified by the Issuer, failing whom, the Guarantor, to the Bondholders as soon as practicable.

The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The specified denominations of the Bonds are U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$1,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to a specified denomination. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.\$250,000,000. The Issuer intends to use net proceeds (being the gross proceeds from the offering of the Bonds after deducting underwriting commissions and other estimated expenses payable in connection with the offering of the Bonds) to refinance the Group's offshore existing indebtedness.

An equivalent amount to the net proceeds from the offering of the Bonds will be used to finance and/or refinance the Eligible Green Projects in accordance with the Green Finance Framework. See "*Green Finance Framework*" for more details.

The Joint Lead Managers make no assurances as to (i) whether the Bonds will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, (ii) whether the use of the net proceeds will be used for Eligible Green Projects or (iii) the characteristics of the Eligible Green Projects, including their environmental and sustainability criteria.

GREEN FINANCE FRAMEWORK

FRAMEWORK OVERVIEW

The green finance framework (the “**Framework**” or “**Green Finance Framework**”) sets out how the Group intends to issue green financing instruments (“**GFI**s”), including green bonds, green loans or any other debt-like green instruments, to finance projects that have a positive environmental impact and synergize its business strategy and mission (the “**Eligible Green Projects**”), and in doing so contribute to positive environmental impacts. The proceeds of GFIs or equivalent amount will be applied exclusively to Eligible Green Projects directly or indirectly through financing or refinancing that will deliver environmental benefits to support the Group’s business strategy and green mission.

The Framework aligns with voluntary guidelines in Green Bond Principles (2021) (“**GBP**”) by the International Capital Markets Association’s (“**ICMA**”) for bonds, and Green Loan Principles (“**GLP**”) 2021 by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, for loans.

In alignment with the above principles and guidelines, the Group’s Framework is presented through the GBP’s and GLP’s four core components as well as its recommendation for external review:




- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

Bonds, loan or any other debt-like instruments issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Green financing transactions (“**GFT**s”) may be done in any jurisdiction and market reflecting the Group’s current and future business needs.

USE OF PROCEEDS

The Group will allocate an amount at least equivalent to the net proceeds of the GFTs issued under the Framework on Eligible Green Projects’ financing and/or refinancing. A maximum 24-month look-back period would apply for refinanced projects. While the Group has limited control on the construction period of the Eligible Green Projects which is subject to external factors such as weather, labor resources and etc., the Group promises to use best endeavors to deploy an equivalent amount of the net financing proceeds from GFTs within 24 months.

Eligible Green Projects refer to projects under below categories and the example of Eligible Green Projects are for demonstration only. The Group’s selected Eligible Green Projects include but not limited to the below examples.

Eligible Green Categories	Example of Eligible Green Projects	Environmental Benefits	SDG Mapping
Energy Efficiency	<p>Examples of projects under construction or under planning are as follows:</p> <p>Upgrade the substations with minimum human involvement required and to be more intelligent</p>	<p>Improve energy efficiency, such as promoting the application of energy storage technologies for electricity storage and heat storage, reducing the energy consumption of port operations, and balancing the power consumption during peak and trough periods in the port area</p>	
Pollution Prevention and Control	<p>Examples of projects under construction or under planning are as follows:</p> <ul style="list-style-type: none"> ● Install solar power generation system on the rooftop of warehouses, office buildings and parking lots where applicable ● Use electrically powered trucks, tractors, dump trucks and other transport mechanical devices, such as tire cranes, loaders, excavators and other mobile mechanical devices ● Renovate and upgrade road dust suppression and spray facilities in bulk cargo yard 	<ul style="list-style-type: none"> ● Reduce CO2 emission by building clean and low carbon energy consumption system ● Improve air quality with reduced dust during port operation 	
Sustainable Water and Wastewater Management	<p>Examples of projects under construction or under planning are as follows:</p> <ul style="list-style-type: none"> ● Build an integrated sewage pipeline network at the port area ● Integrate and upgrade the sewage treatment facilities in the main port area with the aim to monitor wastewater treatment and standardize the construction of sewage outlets ● Renovate and upgrade existing wastewater treatment facilities at Zhangyu Port Area to be able to accommodate chemical tank washing and domestic sewage from ships 	<ul style="list-style-type: none"> ● Manage water resources in a sustainable way ● Improve wastewater treatment rate 	

Exclusion Criteria

In any case, Eligible Green Projects exclude the type of activities listed in the latest International Finance Corporation Exclusion List:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length.
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Commercial logging operations for use in primary tropical moist forest.
- Production of wood or other forestry products other than from sustainably managed forests.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Group has set up a green port construction work group (“**GPCWG**”) which is responsible for making sure all proceeds from GFTs or an equivalent amount will be allocated to the Eligible Green Projects under the Framework directly or indirectly through financing or refinancing. At the same time, the GPCWG will also be responsible for managing any future updates of the Framework, including any expansion of requirements of use of proceeds. The GPCWG composed members from various departments, including:

- Financial Management Department
- Strategic Investment Department
- Engineering Department
- Audit

The GPCWG will follow the guidance on green, recyclable and low-carbon development from top-level documents such as “Lianyungang Port Group Green Development Plan During 14th Five-Year”, “Lianyungang Port Group Implementation Plan for Building Near-Zero-Carbon Ports”, “Lianyungang

Port Group Environment Protection Development Planning and Implementation Plan”, in combination of the Group’s development strategies and relevant working plans when discussing and selecting green projects under eligibility and exclusion criteria defined in section 2.1 of the Framework. GPCWG will then screen projects based on their feasibility reports and submit the selected projects to the president’s office. The projects that are approved by the president’s office will become the Eligible Green Projects.

GPCWC will make sure the Eligible Green Projects will comply with the use of proceeds section of this Framework, applicable environmental guidelines which are applicable to the Group as well as all applicable national and international environmental standards and local laws and regulations. All projects will have environmental survey in order to make sure they have effective pollutant control, energy saving and environment protection measures. The survey should contain the following contents, the impact on surrounding air, surface and groundwater, and actual energy consumption condition. GPCWC will review the construction progress of the green projects and the progress of achieving green goal on a regular basis with references from “Green Port Grading and Evaluation Guidance” (JTS-T 105-4-2020), Jiangsu Province Green Port Evaluation Index System Standards as well as Asia-Pacific Green Port Construction Requirements and Standards Proposed by Asia-Pacific Port Services Organization (“APSN”).

MANAGEMENT OF PROCEEDS

The Group intends to allocate, over time, an amount equal to the net proceeds to finance or refinance Eligible Green Projects, selected in accordance with the eligibility criteria, and using the evaluation and selection process outlined above.

The net proceeds from each GFI will be managed by Group’s finance team and the proceeds from each GFI will be deposited in general funding accounts and will be exclusively used for Eligible Green Projects’ financing and refinancing. It is Group’s intention to deploy proceeds of each GFT to Eligible Green Projects within 3 years.

The Group will monitor the net proceeds of all outstanding green bond transactions and review the funds allocation, which includes appropriately tracking the proceeds and adjusting the balance of net proceeds to match allocations to Eligible Green Projects if necessary. Any balance of issuance proceeds which are not yet allocated to Eligible Green Projects will be held for short term time deposits or other short term wealth management products. The Group will disclose to investors the types of temporary placement they use for unallocated proceeds.

The Group’s directors, supervisors and senior management personnel shall be diligent and responsible, and shall supervise the Group to regulate the use of proceeds from GFIs, and consciously maintain the safety of the raised funds. They shall not participate in, assist or condone the Group’s unauthorized or disguised changes to the use of raised funds. The controlling shareholder and actual controller of the Group shall not directly or indirectly occupy or misappropriate the funds raised from the GFIs, and shall not use the raised funds to obtain illegitimate benefits. The Group commits not to invest unallocated proceeds to any high pollution activities or any projects that are in conflict with the eligibility criteria under the Framework.

During the life of the GFIs issued, if the designated Eligible Green Projects cease to fulfil the eligibility criteria, the net proceeds or an amount equal to these net proceeds will be re-allocated to replacement Eligible Green Projects that comply with the eligibility criteria, as soon as reasonably practicable. The Company strives to maintain an amount of the Eligible Green Projects at least equal of the total net proceeds of all GFIs outstanding.

Additionally, if any material and critical controversies emerge in relation to a specific project, the Group commits to substitute that project with an alternative Eligible Green Project.

REPORTING

The Group will provide information on the allocation of the net proceeds from each GFI or equivalent amount and environment impact report publicly available in the Group’s website (or official WeChat account or any other official platforms of the Group). Such information will be provided on an annual basis until all the net proceeds or an amount equal to these net proceeds have been allocated and in the event of any material changes until the relevant maturity date. The GPCWC will review and approve the allocation and impact reports. The Group’s internal audit will also review the allocation reports.

The information disclosed will include, but not limited to the following details:

Allocation Reporting

- Share of financing vs. refinancing
- Allocation of the proceeds among three categories covered under this Framework (there will be no such disclosure if the use of proceeds is used for refinancing)
- Balance of unallocated proceeds from each GFI and its temporary treatment

Impact Reporting

The Group will use its best endeavours to align the reporting with the portfolio approach described in ICMA’s “Handbook — Harmonised Framework for Impact Reporting (June 2021)” (the “**Harmonized Framework for Impact Reporting**”) subject to the availability of the relevant information. The Group will provide reporting on the environmental benefits of the Eligible Green Projects potentially with the following impact indicators subject to the data availability.

<u>Green Project Categories</u>	<u>Impact Indicators</u>
Pollution Prevention and Control	<ul style="list-style-type: none"> ● CO2 emission amount during production and construction (t) ● CO2 emission intensity during production and construction (t/’0000t)
Energy Efficiency	<ul style="list-style-type: none"> ● Comprehensive energy consumption per unit for port production (tce) ● Comprehensive unit energy consumption (tce/’0000t)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ● Wastewater self-treatment passing rate (%)

Further to the above indicators, the Group will, to the extent where is appropriate, consider to align impact indicators with the recommendations in ICMA’s Harmonized Framework for Impact Reporting.

External Review

The Group has engaged S&P Global Ratings as the external reviewer to evaluate the appropriateness of the Framework, and alignment with the GBP and the GLP. The assessment result document(s) will be available on the Group's website (or official WeChat account or any other official platforms of the Group).

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them makes any representation or warranty, express or implied, concerning any information in this Green Financing Framework, or as to the suitability for any purpose of the assessment result document(s) or (i) whether the Bonds will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used to finance and/or refinance Eligible Green Projects in accordance with the criteria described above, or (iii) the characteristics of Eligible Green Projects, including their environmental and sustainability criteria.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them accepts any responsibility for the contents of the Green Finance Framework.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the U.S.\$250,000,000 5.0 per cent. guaranteed green bonds due 2025 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and to be consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Shanghai (Hong Kong) International Investments Limited (the “**Issuer**”) passed on 15 February 2022 and the guarantee of the Bonds was authorised by a resolution of the board of directors of Lianyungang Port Group Co., Ltd. (連雲港港口集團有限公司) (the “**Guarantor**”) passed on 18 September 2021. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated on or about 16 June 2022 between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) dated on or about 16 June 2022 executed by the Guarantor and the Trustee relating to the Bonds. An agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated on or about 16 June 2022 relating to the Bonds has been entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as the registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as the transfer agent (the “**Transfer Agent**”, which expression shall include any successor transfer agent appointed from time to time in connection with the Bonds) and any other agents named in it. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity satisfactory to the Principal Paying Agent at the specified office of the Principal Paying Agent (being at the date of issue of the Bonds at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong). “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.\$200,000 and in integral multiples of U.S.\$1,000 in excess thereof (each a “**Specified Denomination**”).

The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and “**holder**” mean the person in whose name a Bond is registered in the Register (as defined below) (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate. See “*Summary of Provisions Relating to the Bonds in Global Form*”.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2 TRANSFERS OF BONDS AND DELIVERY OF NEW CERTIFICATES

- (a) **Transfer:** A holding of Bonds may, subject to Conditions 2(d) and 2(e) and the provisions of the Agency Agreement, be transferred in whole or in part in the Specified Denomination as provided by Condition 1 upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered in the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

- (b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2(a) shall be made available for delivery within seven business days (as defined below) of receipt of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or

Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require) and (ii) the Registrar or the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application.
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)).
- (e) **Regulations:** All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time, with the prior written approval of the Trustee and (in the case of any regulation proposed by the Issuer) of the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholder and at the expense of the Issuer, failing whom the Guarantor) by the Registrar to any Bondholder following written request and is available for inspection by any Bondholder at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Registrar following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3 GUARANTEE AND STATUS

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Status:** The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

4 NEGATIVE PLEDGE; UNDERTAKINGS RELATING TO THE GUARANTEE

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of the Principal Subsidiaries (other than any Listed Subsidiary and a Subsidiary of a Listed Subsidiary) will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets

or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

- (b) **Undertakings relating to the Guarantee:** The Guarantor undertakes to file or cause to be filed with the local competent branch of the State Administration of Foreign Exchange of the PRC or its local counterparts (“SAFE”), the Guarantee within the prescribed timeframe after the Issue Date in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees(跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall use all reasonable endeavours to obtain from SAFE a registration certificate or any other document evidencing the completion of the Cross-Border Security Registration by the Registration Deadline.
- (c) **Undertakings relating to NDRC:** The Guarantor undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents within the prescribed timeframe after the Issue Date in accordance with the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).
- (d) **Notification of Completion of the NDRC Post-issue Filing and the Cross-Border Security Registration:** The Guarantor shall on or before the Registration Deadline, provide the Trustee with (i) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-issue Filing and the Cross-Border Security Registration; and (ii) copies of the relevant documents evidencing due filing with the NDRC (if any) and the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) setting out the particulars of registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration and Filing Documents**”).

In addition, the Guarantor shall procure that, within 10 PRC Business Days after the documents comprising the Registration and Filing Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the Cross-Border Security Registration.

The Trustee may rely conclusively on the Registration and Filing Documents and shall have no obligation or duty to monitor or ensure or to assist with the NDRC Post-issue Filing or the registration of the Guarantee with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing or the Cross Border Security Registration and/or the Registration and Filing Documents or to translate or procure any translation of any of the foregoing or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and/or the Cross Border Security Registration, and shall not be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

- (e) **Financial Statements:** So long as any Bond remains outstanding, the Issuer and the Guarantor shall furnish the Trustee with a Compliance Certificate of each of the Issuer and the Guarantor (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for such reliance) at the same time as the provision of the Guarantor Audited Financial Reports by the Guarantor, and the Guarantor shall furnish the Trustee with (i) a copy of the relevant Guarantor Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants; and (ii) a copy of the Guarantor Unaudited Semi-Annual Financial Statements within 120 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants.

The Trustee shall have no obligation to review or verify any such translation and shall be entitled to rely conclusively on each such translation furnished to it pursuant to this Condition 4(e) as an accurate and complete translation of the original and shall not be responsible or liable to any Bondholder, the Issuer, the Guarantor or any other person for so doing.

- (f) **Definitions:** In these Conditions:

“**Compliance Certificate**” means a certificate of the Issuer or the Guarantor, as the case may be, signed by a Director of the Issuer who is also an Authorised Signatory of the Issuer or, as the case may be, by a Director of the Guarantor who is also an Authorised Signatory of the Guarantor that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the “**Certification Date**”) not more than seven days before the date of the certificate that:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) the Issuer or the Guarantor (as the case may be) has complied with all its covenants and obligations under the Trust Deed, the Bonds and, in the case of the Guarantor, the Deed of Guarantee or, in the event of non-compliance, giving details of it;

“**Guarantor Audited Financial Reports**” means, for a Relevant Period the annual audited consolidated income statement, balance sheet and cashflow statements of the Guarantor and its consolidated subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with the applicable PRC GAAP or other internationally recognised generally accepted accounting principles;

“Guarantor Unaudited Semi-Annual Financial Statements” means, for a Relevant Period, the unaudited and unreviewed consolidated income statement, balance sheet and cashflow statements of the Guarantor and its consolidated subsidiaries, prepared on a basis consistent with the Guarantor Audited Financial Reports;

“Issue Date” means 16 June 2022;

“Listed Subsidiary” means, at any time, any Subsidiary of the Guarantor, the ordinary voting shares of which are at such time listed or dealt in or traded on a recognised stock exchange;

“PRC” means the People’s Republic of China, and for the purpose of these Conditions only, excluding Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“PRC Business Day” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Jiangsu, the PRC;

“PRC GAAP” means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC from time to time;

“Principal Subsidiary” means any Subsidiary of the Guarantor:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Guarantor and its Subsidiaries; or
- (b) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Guarantor and its Subsidiaries, including by the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or
- (c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary; the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above of this definition;

provided that, in relation to paragraphs (a) and (b) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant

corporation or other business entity becomes a Subsidiary are available be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Guarantor;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue or total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate signed by an Authorised Signatory of the Guarantor stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“**Registration Deadline**” means 5:00 p.m. (Beijing time) on the day falling 90 PRC Business Days after the Issue Date;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock certificates or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market with a maturity of more than one year;

“**Relevant Period**” means, (i) in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and, (ii) in relation to the Guarantor Unaudited Semi-Annual Financial Statements, each period of six months ending on the last day of the first half of the Guarantor’s financial year (being 30 June of that financial year); and

a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 16 June 2022 (the “**Issue Date**”) at the rate of 5.0 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$25 per Calculation Amount (as defined below) on 16 June and 16 December in each year (each an “**Interest Payment Date**”) commencing on 16 December 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or any Alternative Clearing System (as defined in the Trust Deed), the interest of Bonds shall be calculated based on the aggregate principal amount of the Bonds represented by the Global Certificate.

6 REDEMPTION AND PURCHASE

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16 June 2025. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent and subject to compliance with any other applicable provisions set out in the Trust Deed and/or the Agency Agreement, at their principal amount together with interest accrued to but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in,

or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any final judgment or order of a court of competent jurisdiction), which change or amendment becomes effective on or after 9 June 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee:

- (i) a certificate in English signed by an Authorised Signatory of the Issuer (or a certificate of the Guarantor signed by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; and
- (ii) an opinion in form and substance satisfactory to the Trustee of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment or statement.

The Trustee shall be entitled (but shall not be obliged to) to accept and rely conclusively such certificate and opinion (without further investigation or enquiry and without liability to the Issuer, the Bondholders or any other person) as satisfactory and sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders.

All Bonds in respect of which any notice of redemption is given under Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b).

- (c) **Redemption for Relevant Events:** At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration or No Filing Event) of their principal amount, together with interest accrued and unpaid to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent (as defined in the Trust Deed) a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or to calculate or verify any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for not doing so.

In this Condition 6:

a “**Change of Control**” occurs when:

- (i) (A) Lianyungang SASAC, (B) Jiangsu SASAC and (C) any other person(s) directly or indirectly controlled by the central government of the PRC together cease to directly or indirectly hold or own 75 per cent. or more of the issued share capital of the Guarantor; or
- (ii) the Issuer ceases to be a directly or indirectly wholly-owned Subsidiary of the Guarantor.

“**Jiangsu SASAC**” means the State-owned Assets Supervision and Administration Commission of the People’s Government of Jiangsu Province or its successor;

“**Lianyungang SASAC**” means the State-owned Assets Supervision and Administration Commission of the People’s Government of Lianyungang Municipality or its successor;

a “**No Registration or No Filing Event**” occurs when the Registration and Filing Documents are not delivered to the Trustee in accordance with Condition 4(d) by the Registration Deadline;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, fund, state, agency of a state (in each case whether or not being a separate legal entity); and

a “**Relevant Event**” means a Change of Control or a No Registration or No Filing Event.

So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

- (d) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

- (e) **Purchase:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the Bondholders to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Bondholders or, among other things, for the purposes of Conditions 9, 12(a) and 13.
- (f) **Cancellation:** All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer, the Guarantor and their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) Method of Payment:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Principal Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder’s “**registered account**” means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Agent and to appoint additional or other Agents in accordance with the Agency Agreement, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar and (iii) a Transfer Agent, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer or the Guarantor to the Bondholders in accordance with Condition 16.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of U.S. dollar payments in New York City (if surrender of the relevant Certificate is required) and the place in which the specified office of the Principal Paying Agent is located and the relevant place of presentation.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate applicable on 9 June 2022 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (a) the Issuer is required to make any deduction or withholding by or within Hong Kong, or (b) the Issuer, or as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

- (i) **Other Connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong (in the case of payments made by the Issuer) or the PRC (in the case of payments made by the Issuer or the Guarantor) other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or
- (ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessments, governmental charges, withholding or other payment referred to in this Condition 8 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, assessments, governmental charges, withholding or other payment in any jurisdiction or responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the Bonds without deduction or withholding for or on account of any such tax, duty, assessments, governmental charges, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction),

give written notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest:

- (a) **Non-Payment:** there has been a failure to pay the (i) principal of or any premium (if any) on any of the Bonds when due or (ii) interest on any of the Bonds within 14 days after the due date for such payment; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (other than where it give rise to a right of redemption pursuant to Condition 6(c)), which default is in the opinion of the Trustee incapable of remedy or, if such default is in the opinion of the Trustee capable of remedy, such default is not remedied within 45 days after notice of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee; or
- (c) **Cross-acceleration:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised (for the avoidance of doubt, excluding such payment obligations, trade debts, liabilities or other indebtedness which do not have the commercial effect of a borrowing) becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised (for the avoidance of doubt, excluding such payment obligations, trade debts, liabilities or other indebtedness which do not have the commercial effect of a borrowing) provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary and is not discharged or stayed within 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any Principal Subsidiary on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 45 days; or
- (f) **Insolvency:** the Issuer or the Guarantor or any Principal Subsidiary is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any Principal Subsidiary; or

- (g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or any of its Subsidiaries, in any combination; (ii) in the case of a solvent winding-up of any such Principal Subsidiary or (iii) in the case of any disposal or sale of such Principal Subsidiary to any other person on arms' length terms for market consideration, where the proceeds (whether in cash or otherwise) resulting from such disposal or sale are transferred to or vested in the Issuer, the Guarantor and/or any of its Subsidiaries, in any combination; or
- (h) **Nationalisation:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary or (ii) the Issuer, the Guarantor or any Principal Subsidiary is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done, other than where failure to do such action or achieve such condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) gives rise to a right of redemption pursuant to Condition 6(c); or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed and/or the Deed of Guarantee; or
- (k) **Unenforceability of Guarantee:** the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(g)) (both inclusive).

10 PRESCRIPTION

Claims against the Issuer or the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than fifty per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Deed of Guarantee (other than pursuant to Condition 12(b)), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A written resolution and/or resolution passed by Electronic Consent will be binding on all Bondholders whether or not they participated in such written resolution and/or resolution passed by Electronic Consent, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or the Alternative Clearing System, a resolution passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable.
- (c) **Entitlement of the Trustee:** In connection with the performance and exercise of its functions, rights powers and discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such steps and/or actions or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of Bondholders. The Trustee, the Agents and their respective affiliates are entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

The Trustee and each Agent may accept and shall be entitled to rely conclusively, without liability to Bondholders, the Issuer, the Guarantor or any other person, on any report, confirmation, certificate or information from or any advice or opinion of any legal counsels, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap,

methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantor, the Agency Agreement or the Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution or clarification of any directions, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction or certification as a result of seeking such directions or clarification from the Bondholders or in the event that no such directions or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, and shall not be liable to the holders, the Issuer, the Guarantor or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

16 NOTICES

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or public holiday) after the date of mailing. The Issuer, failing whom the Guarantor, shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

So long as the Global Certificate is held by or on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or any other clearing system, any notice to the holders of the Bonds shall be validly given by the delivery of such notice to the relevant clearing system, for communication by such clearing system to the entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** The Guarantor irrevocably appoints the Issuer as its authorised agent in Hong Kong to receive service of process in any Proceedings based on any of the Bonds, the Guarantee, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to the Issuer (whether or not it is forwarded to and received by the Guarantor). If for any reason the Issuer ceases to have a place of business in Hong Kong, each of the Issuer and the Guarantor will promptly appoint a new agent in Hong Kong to accept service of process and deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions. Defined terms used in this section shall have the meanings given to them in the Terms and Conditions of the Bonds.

The Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds, save that the calculation is made in respect of the total aggregate principal amount of the Bonds represented by the Global Certificate together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Bonds, in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Notices: So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing system, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear and Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

Meetings: For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of U.S.\$1,000 in principal amount of the Bonds for which the Global Certificate is issued.

Bondholder’s Redemption: The Bondholder’s redemption option in Condition 6(c) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of the Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

Issuer's Redemption: The option of the Issuer provided for in Condition 6(b) of the Terms and Conditions of the Bonds shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions of the Bonds.

Transfers: Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation: Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers: In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

The Global Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total capitalisation of the Group as at 31 December 2021 and as adjusted to give effect to the issue of the Bonds offered hereof. This table should be read in conjunction with the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2021 and the notes to those statements, which are included elsewhere in this Offering Circular:

	As at 31 December 2021			
	Actual		Adjusted	
	(RMB in million)	(U.S.\$ in million) ⁽¹⁾	(RMB in million)	(U.S.\$ in million) ⁽¹⁾
Short-term borrowings				
Short-term loans ⁽²⁾	8,272.54	1,298.14	8,272.54	1,298.14
Long-term loans due within				
one year ⁽³⁾	1,731.37	271.69	1,731.37	271.69
Bonds payable due within				
one year ⁽⁴⁾	6,987.27	1,096.46	6,987.27	1,096.46
Short-term financing bonds ⁽⁵⁾	1,600.00	251.07	1,600.00	251.07
Total short-term borrowings	18,591.18	2,917.36	18,591.18	2,917.36
Long-term borrowings				
Long-term loans ⁽⁶⁾	9,564.42	1,500.87	9,564.42	1,500.87
Bonds payable ⁽⁷⁾	9,214.89	1,446.02	9,214.89	1,446.02
Bonds to be issued	—	—	1,593.15	250.00
Total long-term borrowings	18,779.31	2,946.88	20,372.46	3,196.89
Total borrowings	37,370.49	5,864.25	38,963.64	6,114.25
Total owner's equity	18,005.47	2,825.45	18,005.47	2,825.45
Total capitalisation⁽⁸⁾	36,784.78	5,772.33	38,377.93	6,022.34

(1) The translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.3726 to U.S.\$1.00, the noon buying rate in New York City as certified by the Federal Reserve Bank of New York for customs purposes for cable transfers payable in Renminbi on 30 December 2021, as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Subsequent to 31 December 2021, the Group's short-term loans increased primarily due to increase of short-term loans with banks.

(3) Subsequent to 31 December 2021, the Group's long-term loans due within one year decreased primarily due to refinancing of long-term loans.

(4) Subsequent to 31 December 2021, the Group's bonds payable due within one year increased primarily due to certain issued bonds became due within one year.

(5) Subsequent to 31 December 2021, the Group's short-term financing bonds increased primarily due to issuance of the following bonds: On 4 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 18 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 14 February 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.69 per cent. and a tenor of 135 days. On 9 March 2022, the Guarantor issued the super short-term bonds in the aggregate principal

amount of RMB500 million with annual coupon rate of 4.99 per cent. and a tenor of 180 days. On 26 May and 27 May 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 3.50 per cent. and a tenor of 180 days.

- (6) Subsequent to 31 December 2021, the Group's long-term loans increased primarily due to increase of long-term loans with banks and project loans.
- (7) On 24 February 2022, the Guarantor issued the medium-term bonds in the aggregate principal amount of RMB540 million with annual coupon rate of 6.50 per cent. and a tenor of two years. Subsequent to 31 December 2021, the Group's bonds payable has decreased primarily due to the maturity of issued bonds.
- (8) Total capitalisation represents the sum of total long-term borrowings and total owner's equity.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 December 2021.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated on 12 October 2016 and is registered as a limited liability company under the laws of Hong Kong (Hong Kong company registration number 2437245). The registered office of the Issuer is located at Room 1401, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The Issuer is a wholly owned subsidiary of Shanhai (Hong Kong) Investment & Development Company Limited, which is in turn a wholly owned subsidiary of the Guarantor.

SHARE CAPITAL

As at the date of this Offering Circular, the Issuer has an issued share capital of HK\$1,000 and US\$9,999,872 comprising 10,000,872 shares in issue. The shares of the Issuer are wholly owned by Shanhai (Hong Kong) Investment & Development Company Limited.

None of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

BUSINESS ACTIVITIES

As at the date of this Offering Circular, the Issuer has not engaged, since the date of its incorporation, in any material activities other than the issue of the US\$300,000,000 3.875 per cent. guaranteed bonds due 2020, the US\$400,000,000 4.10 per cent. guaranteed bonds due 2022, the proposed issue of the Bonds and the on-lending of the proceeds thereof to the Guarantor.

As at the date of this Offering Circular, the Issuer does not have any employees and has no subsidiaries.

DIRECTORS OF THE ISSUER

The directors of the Issuer as at the date of this Offering Circular are Mr. Shang Rui (尚銳) and Mr. Li Xupeng (李旭鵬).

FINANCIAL STATEMENTS

The Issuer's financial statements are prepared in accordance with Hong Kong Financial Reporting Standards.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor (formerly known as Lianyungang Port Authority) was established in 1990 by the Lianyungang Municipal Government and has been the primary operator of Lianyungang Port since its establishment. In 2021, Lianyungang Port ranked the 9th, 9th and 10th, respectively, among seaports in China in terms of the throughput of metal ore, coal and coal product, and annual container traffic. Located in Lianyungang, a coastal city located on the eastern coast of China in northern Jiangsu Province, Lianyungang Port was listed as one of the 27 primary ports in China and one of the 11 international hub ports in the National Comprehensive Three-dimensional Transportation Network Planning Outline (國家綜合立體交通網規劃綱要) issued in February 2021 by the Central Committee of the Communist Party of China and the State Council. As the port manager established to operate and develop Lianyungang Port, port operation is the fundamental business of the Group which provides the foundation for the Group to expand its businesses into other segments such as trade and logistics, construction engineering and other ancillary businesses. Serving as the only and most important operating platform of Lianyungang City, the Group is the leading port operator in Lianyungang materially contributing to the promotion of Lianyungang Municipal Government's strategic plan of "Develop with Ports". As at 31 December 2021, the Guarantor was approximately 90% owned by Lianyungang Port Group Holdings, indirectly wholly owned by Lianyungang SASAC. As at 31 December 2021, the Guarantor had 129 subsidiaries, of which 61 subsidiaries were directly controlled by the Guarantor. Jiangsu Lianyungang Port Co., Ltd. (江蘇連雲港港口股份有限公司) (Shanghai Stock Exchange stock code: 601008), one of the Guarantor's directly controlled subsidiaries, is a listed company with its shares listed on the Shanghai Stock Exchange.

The Guarantor was recognised in 2016 by China Enterprise Confederation (中國企業聯合會) as one of the top 50 logistics service companies in the PRC in terms of operating income in 2015. The Group achieved a major milestone in its corporate history in 2012 when it was awarded the "Best Integrated Service Group in China Award (中國綜合服務最佳港務集團)" by the China Cargo Industry Awards Organising Committee (中國貨運業大獎組委會) and was recognised as an outstanding example in the areas of science and technology as well as low-carbon construction by the Ministry of Transport of the PRC. In 2019, the Group was awarded China Port Association News Promotion Contribution Award (中國港口協會新聞宣傳突出貢獻獎), Excellent Work Safety Unit in Lianyungang City in 2019 (連雲港市2019年度安全生產優秀單位), Advanced Unit of Quality Control Work in Lianyungang City in 2019 (2019年度連雲港市品質管制工作先進單位) and Lianyungang City Service Industry Statistics Advanced Unit in 2019 (2019年度連雲港市服務業統計先進單位). In 2020, the Group was awarded "13th Five-Year Plan" Excellent Unit of Chinese Enterprise Culture Construction ("十三五"中國企業文化建設優秀單位), National Multimodal Transport Demonstration Project Award (國家多式聯運示範工程獎), Excellent Service Units for Epidemic Prevention and Control and Work Resumption in 2020 (2020年度疫情防控和復工復產優秀服務單位) and Lianyungang City 2020 Major Reform and Innovation Award for Promoting High-quality Development (連雲港市2020年度推進高品質發展重大改革創新獎).

The Group's business primarily comprises the following principal business segments:

- **port operation:** as a port manager, the Group carries out key port operating duties such as cargo handling, storage service and port management;
- **trade and logistics:** the Group engages tradings of various products, primarily including iron ore, iron powder, steel, coke, alloy iron, chrome ore, chemicals, non-ferrous ore, and calcined petroleum coke. The Group also engages in sectors of ship financing agency, bonded warehousing, international and domestic shipping and cargo freight business as part of its trade and logistics business;
- **construction engineering:** the Group engages the construction of piers and seawalls, sea bank protection, dredging and land reclamation; and
- **other ancillary businesses:** the Group also engages leasing of ships and other assets, goods management services, agency business, communications, supplies, real estate and others.

For the years ended 31 December 2019, 2020 and 2021, the Group's operating income was approximately RMB13,003.01 million, RMB13,772.26 million and RMB14,663.49 million, respectively, and the Group's operating profits was RMB152.54 million, RMB224.75 million and RMB484.39 million, respectively. The Group's net profits for the years ended 31 December 2019, 2020 and 2021 were RMB71.04 million, RMB128.82 million and RMB290.21 million, respectively.

The table below sets forth the Group's operating income by business segments for the indicated periods:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in million)	(%)	(RMB in million)	(%)	(RMB in million)	(%)
Principal business segments						
Port operation	2,748.10	21.13	3,304.34	23.99	3,682.39	25.11
Trade and logistics	7,975.69	61.34	7,763.63	56.37	8,008.89	54.62
Construction engineering	1,331.68	10.24	1,842.88	13.38	2,032.77	13.86
Other ancillary businesses	911.22	7.01	822.20	5.97	873.13	5.95
Other principal businesses	36.32	0.28	39.21	0.28	66.31	0.45
Total	13,003.01	100.00	13,772.26	100.00	14,663.49	100.00

LIANYUNGANG AND LIANYUNGANG PORT

Lianyungang is a coastal city located on the eastern coast of China in northern Jiangsu Province. It is well connected to other parts of China, Asia and Europe through the New Eurasian Continental Bridge and has played a key role in China's economic development. In addition, Lianyungang is bordered by Northeast Asia in the east and China's central and western regions as well as Central Asia and Europe in the west. As the intersection of various key traffic lines including the east-west Longhai-Lan-Xin Line (隴海蘭新線), Lian-Huo highway (連霍高速公路), north-south Tong-San highway (同三高速公路) and the Coastal railway (沿海鐵路), Lianyungang Port was listed as one of the 27 primary ports in China and one of the 11 international hub ports in the National Comprehensive Three-dimensional Transportation Network Planning Outline (國家綜合立體交通網規劃綱要) issued in February 2021 by the Central Committee of the Communist Party of China and the State Council. China places strategic importance on Lianyungang and has included it within various governmental strategies and initiatives, such as the strategy of "Yangtze River Delta Integration" (長三角一體化), the PRC government's "Belt

and Road” initiative (一帶一路合作倡議), the “National East — West Regional Cooperation Demonstration Zone” (國家東中西區域合作示範區), and the “East and West New Heights Opening” (東西雙向開放新高地). Thanks to the above policies, Lianyungang has become an important point of economic growth in Eastern China and one of the leading regions in China in terms of speed of economic development. Lianyungang has gradually developed into an important economic growth driver in East China and one of the fastest growing regions in China. For the year ended 31 December 2021, Lianyungang’s gross domestic product was approximately RMB372.79 billion, increased by 8.8% compared to the previous year. As at 31 December 2021, Lianyungang had 12 inland river work areas with 74 productive berths and a total designed capacity of 20.84 million tonnes.

Lianyungang Port is the largest seaport in Jiangsu with 250,000-tonne channels, 300,000-tonne ore terminals and a sixth-generation container pier. Phase II of the 300,000-tonne channel project and the 12.5-meter-deep approach channel of Funan waterway are under construction and is expected to be completed by June 2022. Lianyungang Port is the only zero-claim port for coal export in China. Among the ports in China, in terms of cargo volume, Lianyungang Port ranked the first in the import of laterite nickel ore, dried cassava and lead-zinc non-ferrous ore, and the export of plywood and construction equipment. It also ranked the first in the transit transport through New Eurasian Land Bridge. In addition, Lianyungang Port ranked the third and fifth, respectively, in the import of fertilizer and sulphur, and ranked the fifth in the export of automobile. As at 31 December 2021, Lianyungang Port had 79 10,000-tonne harbour berths, with a total designed capacity of approximately 200 million tonnes, allowing a container traffic capacity of 3.4 million TEU, a maximum capacity for bulk cargoes of 300,000-tonne and a maximum capacity for containers of 150,000-tonne. The 79 10,000-tonne harbour berths are able to handle various types of cargoes including containers, coal, coke, minerals, bulk grains, alumina, bulk chemical fertilisers and liquid chemical products. The Group is also accelerating the construction of a 300,000-tonne crude oil pier, a 300,000-tonne LNG receiving station, liquid bulk cargo berths and large specialized dry bulk cargo berths. For the year ended 31 December 2021, Lianyungang Port achieved an aggregate throughput of 277.10 million tonnes.

Lianyungang Port is one of the few ports in the PRC with a comprehensive combined sea-railway transportation system. Lianyungang is well-connected to various parts of China and central and northern Asia by railway. As a domestic leader in seaway-railway multimodal transportation, the Group operates international trains running from Lianyungang to Almatu and Tashkent, transit export trains running from Lianyungang to Alataw Port, and domestic trains running from Lianyungang to Zhengzhou, Xi’an, Luoyang, Taiyuan, Houma, Huaibei, Yucheng, among others. For the year ended 31 December 2021, the transportation volume by Lianyungang’s sea-rail transportation system amounted to 628,000 TEUs.

Lianyungang Port currently serves more than 90 operating routes of container, groceries, ro-ro ships and passenger and cargo liners with destinations across five continents and with more than 450 ship movements every month. For the year ended 31 December 2021, Lianyungang Port had a throughput of 277.10 million tonnes. Lianyungang Port has established stable trading relationships with more than 1,000 ports worldwide. Over 20 reputable shipping companies, including China COSCO Shipping Corporation Limited, COSCO Shipping Development Co., Ltd., CMA CGM Group, Maersk and American President Lines Limited, have set up container ship routes from Lianyungang Port to Japan, South Korea, Europe, America, Central East and Southeast Asia; ro-ro off ship routes from Lianyungang Port to Durban of South Africa, Dubai, Abbas, Kuwait, Doha, Aden, the Red Sea of the Persian Gulf, Jeddah and Algiers of the Mediterranean, and Vladivostok of Russia; passenger and cargo liner routes from Lianyungang Port to Pyeongtaek and Incheon of South Korea; groceries routes from Lianyungang Port to Central East, the Red Sea, Mediterranean, Europe, America, Africa and Southeast Asia. The Group believes that Lianyungang Port is one of the most important international transport hubs in the PRC, a key distribution centre for domestic and overseas goods in the PRC and the gateway for Jiangsu Province.

RECENT DEVELOPMENTS

Proposed change of Chairman of the Board of Directors of the Guarantor

In May 2022, the standing committee of the Lianyungang Municipal Party Committee has proposed the appointment of Mr. Yang Long as the new Chairman of the Board of Directors of the Guarantor.

Financial performance for the three months ended 31 March 2022

On 29 April 2022, the Group published its unaudited and unreviewed consolidated financial results as at and for the three months ended 31 March 2022 in accordance with the information disclosure rules of the PRC interbank market. None of the Group's unaudited and unreviewed consolidated financial statements are incorporated into this Offering Circular. Investors are cautioned against placing undue reliance on any information to be disclosed in the Group's unaudited and unreviewed consolidated financial results since none of such information has been or will be subject to any audit or review by the Group's auditors and there is no assurance such unaudited and unreviewed financial information has or will have the same quality as the information reported in the Audited Financial Statements. The results as at and for the three months ended 31 March 2022 should not be taken as indicative of the Group's financial results for the full year ending 31 December 2022.

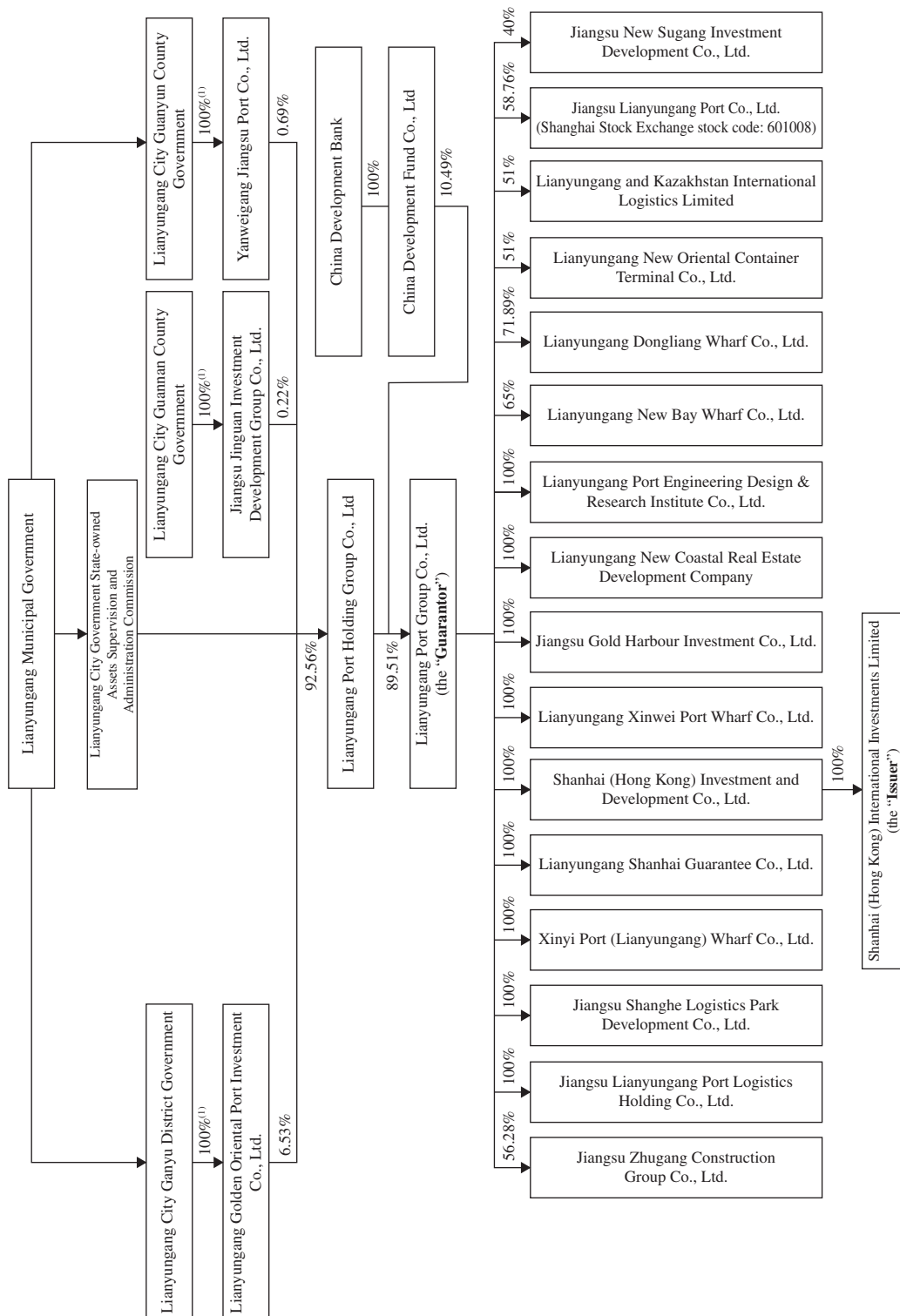
As at 31 March 2022, the Group's short-term loans has decreased primarily due to refinancing of due short-term loans, as compared with 31 December 2021. As at 31 March 2022, the Group's notes payables has significantly increased primarily due to changes in business settlement methods, as compared with 31 December 2021. As at 31 March 2022, the Group's long-term loans has increased primarily due to adjustment of its debt structure, as compared with 31 December 2021. As at 31 March 2022, the Group's bonds payable has significantly decreased primarily due to adjustment of debt structure, as compared with 31 December 2021. As at 31 March 2022, the Group's non-current liabilities due within one year has significantly increased primarily due to the maturity of long term loans within one year, as compared with 31 December 2021. For the three months ended 31 March 2022, the Group's non-operating cost has significantly increased primarily due to the increase in certain regulatory costs, as compared with the corresponding period in 2021. For the three months ended 31 March 2022, the Group's non-operating revenue has significantly decreased primarily due to partial receipt of compensation funds, as compared with the corresponding period in 2021.

Bonds offerings

On 4 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 18 January 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.45 per cent. and a tenor of 180 days. On 14 February 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.69 per cent. and a tenor of 135 days. On 24 February 2022, the Guarantor issued the medium-term bonds in the aggregate principal amount of RMB540 million with annual coupon rate of 6.50 per cent. and a tenor of two years. On 9 March 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 4.99 per cent. and a tenor of 180 days. On 26 May and 27 May 2022, the Guarantor issued the super short-term bonds in the aggregate principal amount of RMB500 million with annual coupon rate of 3.50 per cent. and a tenor of 180 days.

CORPORATE STRUCTURE

The following chart sets forth the corporate structure of the Guarantor and its key subsidiaries as at the date of this Offering Circular:



Note:

(1) eventually directly or indirectly owned

CORPORATE HISTORY AND MILESTONES

The table below sets out the Group's major corporate milestones:

<u>Time</u>	<u>Milestone Event</u>
1933	Lianyungang Port established as an estuary port for the Longhai Railway.
1990	Lianyungang Port Authority, the predecessor of the Guarantor, was incorporated.
2003	The Guarantor was renamed and reorganised as a state-owned conglomerate, comprising Lianyungang Port Authority, eight subsidiaries and 13 other companies in which it has a shareholding interest.
2007	Jiangsu Lianyungang Port Co., Ltd. was listed on the Shanghai Stock Exchange with stock code 601008.
2008	Lianyungang Port's throughput reached 100 million tonnes and its container throughput reached 3 million TEUs.
2012	A 250,000-tonne waterway was put into operation in Lianyungang Port; the Guarantor was awarded the "Best Integrated Service Group in China Award" by the China Cargo Industry Awards Organising Committee and was recognised as a demonstration zone in the areas of science and technology as well as low carbon construction by the Ministry of Transport of the PRC.
2013	Lianyungang Port's throughput reached 200 million tonnes and container throughput reached 5 million TEUs.
2014	Lianyungang SASAC made two capital injections to the Guarantor with 16 sea area use rights and 70 land use rights, increasing the registered capital of the Guarantor from RMB6.0 billion to RMB7.0 billion.
2015	With the integration of assets and resources of the Guarantor and the port related assets of Jiangsu Fangyang Group Co., Ltd. (江蘇方洋集團有限公司), Jiangsu Golden Oriental Group Co., Ltd. (江蘇金東方集團有限公司), Jiangsu Jinguan Investment Development Group Co., Ltd. (江蘇金灌投資發展集團有限公司) and Jiangsu Yanwei Port Co., Ltd. (江蘇燕尾港港口有限公司), Lianyungang Port Group Holdings was established.
2016	Phase I of the 300,000-tonne waterway project was completed in Lianyungang Port.
2017	CDB Development Fund invested in the Group, with RMB820 million in cash as capital contribution with an investment period of 20 years. After the expiry of such period, it was agreed that the CDB Development Fund would withdraw its investment and a corresponding amount of the Guarantor's registered capital would be decreased.

Time	Milestone Event
2018	The State Council approved the integration and optimization of the Lianyungang Export Processing Zone to the Lianyungang Comprehensive Bonded Zone with a planned area of 2.97 square kilometres.
2019	The State Council approved the establishment of the China (Jiangsu) Pilot Free Trade Zone, of which the Lianyungang area is 20.27 square kilometres, consisting of the Lianyungang Port, Lianyungang Economic and Technological Development Zone and part of Lianyun District of Lianyungang.
2020	The cargo handling capacity of Lianyungang Port reached 252 million tonnes, having increased by 3.28 per cent as compared to the previous year.
2021	Lianyungang Port was listed as one of the 27 primary ports in China and recognized as an international hub port by the National Comprehensive Three-dimensional Transportation Network Planning Outline.

AWARDS AND HONOURS

The Group has received numerous awards and honours for its achievements, including the following:

- In 2017, the Group was named a Credible Enterprise (守合同重信用企業) by Jiangsu Administration of Industry and Commerce (江蘇省工商行政管理局).
- In 2017, the Group was named the Advanced Enterprise in Quality Management in Lianyungang of the Year 2016 (2016年度連雲港市質量管理工作先進單位) by Lianyungang Economy and Information Commission (連雲港市經濟和信息化委員會).
- In 2017 and 2018, the Group was named the Outstanding Enterprise in Safe Production for the Year 2016 and 2017 (年度安全生產工作優秀單位) by the Safety and Environment Department of Lianyungang Safe Production Commission (連雲港市安全生產委員會安環部).
- In 2018, the Group was named an Advanced Enterprise in National Logistics (2018年度全國先進物流企業) by the China Transportation Association (中國交通運輸協會).
- In 2019, the Group was named Excellent Unit of Corporate Culture Construction in 70 Years of New China (新中國70年企業文化建設優秀單位) by China Enterprise Culture Research Association (中國企業文化研究會).
- In 2019, the Group was awarded the 16th China Freight Industry Golden Wheel Award with Best Window Service Container Terminal (中國貨運業金輪獎最佳窗口服務集裝箱碼頭) by China Aviation Weekly (中國航務周刊).
- In 2019, the Shanghai Cooperation Organisation (Lianyungang) International Logistics Park (“SCO (Lianyungang) International Logistics Park”) was named National Excellent Logistics Park (全國優秀物流園區) by China Federation of Logistics and Purchasing (中國物流與採購聯合會).
- In 2019, SCO (Lianyungang) International Logistics Park was named 5A-level Logistics Enterprise of China Federation of Logistics and Purchasing (中國物流與採購聯合會5A級物流企業) by China Federation of Logistics and Purchasing (中國物流與採購聯合會).

- In 2019, Breakwater Project in Xuwei Port Area of Lianyungang Port was awarded 2018–2019 National Quality Engineering Award (2018–2019年度國家優質工程獎) by China Construction Enterprise Management Association (中國施工企業管理協會).
- In 2019, the Group was awarded Excellent Work Safety Unit in Lianyungang City in 2019 (連雲港市2019年度安全生產優秀單位) by Lianyungang Emergency Management Bureau (連雲港市應急管理局).
- In 2019, the Group was named Advanced Unit of Quality Control Work in Lianyungang City in 2019 (2019年度連雲港市質量管理工作先進單位) by Lianyungang Quality Association (連雲港市質量協會).
- In 2020, the Group was awarded National Multimodal Transport Demonstration Project Award (國家多式聯運示範工程獎) by Ministry of Transport of the People’s Republic of China (中華人民共和國交通運輸部) and National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會).
- In 2020, the Group was named Advanced Unit of Safety Production in 2019 (2019年度連雲港市安全生產先進單位) by Lianyungang Municipal Committee of the Communist Party of China (中共連雲港市委) and Lianyungang Municipal People’s Government(連雲港市人民政府).
- In 2020, the Group was named the “13th Five-Year Plan” Excellent Unit of Chinese Enterprise Culture Construction (“十三五”中國企業文化建設優秀單位) by China Enterprise Culture Research Association (中國企業文化研究會).
- In 2020, the Group was awarded Jiangsu Province Enterprise Culture Outstanding Achievement Award (江蘇省企業文化優秀成果獎) by Jiangsu Provincial Economic and Trade Commission (江蘇省經貿委), Jiangsu Provincial Industrial Economic Federation (江蘇省工業經濟聯合會), Jiangsu Provincial Enterprise Confederation (江蘇省企業聯合會) and Jiangsu Provincial Entrepreneurs Association (江蘇省企業家協會).
- In 2020, the Group was named Advanced Unit of Safety Production in Lianyungang City in 2020 (2020年度連雲港市安全生產先進單位) by Lianyungang Emergency Management Bureau (連雲港市應急管理局).
- In 2020, the Group was named Lianyungang City Quality Control Advanced Unit (2020年度連雲港市質量管理先進單位) by Lianyungang Quality Association (連雲港市質量協會).
- In 2020, the Group was awarded Lianyungang City 2020 Major Reform and Innovation Award for Promoting High-quality Development (連雲港市2020年度推進高品質發展重大改革創新獎) by Lianyungang Municipal People’s Government (連雲港市人民政府).
- In 2021, the Group was named 2020 Lianyungang City Transportation Key Project Labor Competition Excellent Organization Unit (2020年度連雲港市交通重點工程勞動競賽優秀組織單位) by Lianyungang Municipal Transportation Bureau (連雲港市交通運輸局) and Lianyungang City Federation of Trade Unions (連雲港市總工會).
- In 2021, the Group was named Advanced collective of 2020 Lianyungang City Transportation Key Project Labor Competition (2020年度連雲港市交通重點工程勞動競賽先進集體) by Lianyungang Municipal Transportation Bureau (連雲港市交通運輸局) and Lianyungang City Federation of Trade Unions (連雲港市總工會).

- In 2021, the Group was awarded The 18th China Civil Engineering Zhan Tianyou Award (第十八屆中國土木工程詹天佑獎) by China Civil Engineering Society (中國土木工程學會).
- In 2021, the Group was named 2021 Excellent Cases of Containerized Rail-Water Intermodal Transport (2021年度集裝箱鐵水聯運優秀案例) by China Aviation Weekly (中國航務週刊).
- In 2021, the Group was named National Transportation Construction Craftsman (全國交通建設工匠) by All-China Federation of Trade Unions China Seamen Construction Union (全國總工會中國海員建設工會).
- In 2021, the Group was named The First Batch of International Logistics Hub Units of the 14th Five-Year Plan (“十四五”首批國際物流樞紐單位) by National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會).
- In 2021, the Group was awarded The 18th China Freight Industry Golden Wheel Award with China Freight Service Quality Tracking Survey User Satisfaction Container Terminals (第十八屆“中國貨運業金輪獎中國貨運服務品質跟蹤調查使用者滿意的集裝箱碼頭) by China Aviation Weekly (中國航務週刊).

COMPETITIVE STRENGTHS

The Group benefits from an advantageous location and industry ranking that brings broad hinterland for Lianyungang Port and equips it with strong development potential

Located in the middle of the coastal area of the PRC, Lianyungang Port is the largest seaport in Jiangsu Province which connects the Yangtze River Delta Area to the south and the Bohai Sea Ring Area to the north, the two key economic areas of China. Lianyungang Port is also one of the most economical and convenient port to the sea logistics in China’s central and western regions. In addition, Lianyungang is bordered by Northeast Asia in the east and China’s central and western regions, as well as Central Asia and Europe in the west. As the intersection of various key traffic lines, including the east-west Longhai-Lan-Xin Line (隴海蘭新線), Lian-Huo highway (連霍高速公路), north-south Tong-San highway (同三高速公路) and the Coastal railway (沿海鐵路), Lianyungang Port was listed as one of the 27 primary ports in China and one of the 11 international hub ports in the National Comprehensive Three-dimensional Transportation Network Planning Outline (國家綜合立體交通網規劃綱要), issued in February 2021 by the Central Committee of the Communist Party of China and the State Council. Not only does the traffic benefit Lianyungang Port to be a hub, but also the temperate maritime climate zone favours Lianyungang Port to become an ice-free port all-year-round. As one of the three major ports in the Yangtze River Delta Area and one of the 12 national-level regional key hub ports that China plans to develop with main focus, the Lianyungang Port has been awarded China’s Best Port for Container Services and Global Top 100 Container Port. The Lianyungang Port has also been recognized as a “five-star” port in the starlight list of the ports in China for six consecutive years and ranks among the top ten in the comprehensive competitiveness index of 60 large-scale ports across the country. Lianyungang Port is the only zero-claim port for coal export in China. Among the ports in China, in terms of cargo volume, Lianyungang Port ranked the first in the import of laterite nickel ore, dried cassava and lead-zinc non-ferrous ore, and the export of plywood and construction equipment. It also ranked the first in the transit transport through New Eurasian Land Bridge. In addition, Lianyungang Port ranked the third and fifth, respectively, in the import of fertilizer and sulphur, and ranked the fifth in the export of automobile.

The volume of cargo passing through Lianyungang Port is closely correlated with the economic development of its hinterland. Such economic development include future economic growth, foreign trade development and industrial restructuring, and will directly or indirectly affect the types and amounts of cargo that pass through the port. The economy of Lianyungang Port's hinterland spans — from east to west — 11 provinces in central China. The Lianyungang — Lanzhou and Lanzhou — Xinjiang railways are the axis of these regions, which include Northern Jiangsu, Southern Shandong, Anhui, Henan, Southern Shanxi, Northern Sichuan, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang. In addition, Lianyungang Port is located within 200 kilometres from Xuzhou, Yancheng, Huaian, Lianyungang and Suqian City. These areas enjoying the richest resources and greatest economic growth potential in China.

The Group plays a significant role in several national plans and strategies and receives, and expects to continue to receive, strong support from various levels of government

The Guarantor was established and is approximately 90% owned by Lianyungang Port Group Holdings, which is beneficially wholly-owned by Lianyungang Municipal Government. The Guarantor was the largest state-owned company in Lianyungang in terms of total operating income and tax contribution for the year ended 31 December 2021 and total amount of employee as at 31 December 2021. In particular, the Group's total assets and total operating income accounted for approximately 21.7 per cent. and 42.9 per cent., respectively, of the aggregate amounts as at 31 December 2021, of all the state-owned enterprises in Lianyungang. In 2015, Lianyungang Municipal Government established Lianyungang Port Group Holdings by integrating the assets and resources of the Guarantor and the ports related assets of Jiangsu Fangyang Group Co., Ltd. (江蘇方洋集團有限公司), Jiangsu Golden Oriental Group Co., Ltd. (江蘇金東方集團有限公司), Jiangsu Jinguan Investment Development Group Co., Ltd. (江蘇金灌投資發展集團有限公司) and Jiangsu Yanwei Port Co., Ltd. (江蘇燕尾港港口有限公司), Lianyungang Port Group Holdings was established. As the largest subsidiary of Lianyungang Port Group Holdings, contributing to over 84.46 per cent. of its net assets as at 31 December 2021, the Group receives strong support from Lianyungang Port Group Holdings. Due to the significance of the Group within Lianyungang Port Group Holdings, the management of the Group concurrently also serves as the management of Lianyungang Port Group Holdings, which helps to ensure the continuously effective execution of the existing development strategies of the Group and the optimal allocation of resources within Lianyungang Port Group Holdings.

The Group's development strategy is highly in line with the overall planning requirement of the PRC central governmental, the Jiangsu Provincial Government and the Lianyungang Municipal Government, and is serving the national strategies such as, "Jiangsu Coastal Development Plan" approved by the State Council in June 2009, "Jiangsu Coastal Area Development Plan (2021–2025)" approved by the Jiangsu Provincial Government in June 2021, and the strategy of "revitalizing the city with port" and the development goals of the Lianyungang Municipal Government during the 14th Five-Year Plan.

Given its unique geographic location and transportation network, Lianyungang is significant to the implementation of national and Jiangsu provincial development plans. As a leading state-owned company, the Group receives abundant policy, finance and tax support from the PRC central governmental, the Jiangsu Provincial Government and the Lianyungang Municipal Government.

Policy support

The PRC central government has involved the Lianyungang Port in various national development plans and initiatives, including “Belt and Road”, Demonstration of Regional Cooperation between Eastern, Central and West China, Development of Jiangsu’s Coastal Area, Huaihai Ecological Economic Belt, Yangtze River Delta Economic Belt, Yangtze River Delta Integration and the China (Jiangsu) Pilot Free Trade Zone; these provide the Group with a solid foundation to enjoy further policy support from both provincial and municipal levels of government. The PRC central government also specifies the strategic direction of Lianyungang Port and requires government of each level to support the construction of Lianyungang Port. Pursuant to the national development plans of the PRC central government, Jiangsu Provincial Government has provided various policy supports to Lianyungang Port with provincial-level directives and instructions. For example, in the opinion to promote the hub construction of “Belt and Road” in high-quality until 2025 issued by the Jiangsu Provincial Government in February 2019, Lianyungang Port was positioned as a strong supporting point for the hub construction and was expected to be provided with policy supports in various aspects, such as waiving Lianyungang’s inland container gate fee. The Lianyungang Municipal Government also specifies its strategy to build up the city with ports as the core and provide the Group with policy support to integrate port resources and enhance the Group’s influence in the industry.

- the “Yangtze River Delta Integration” (長三角一體化)

In 2018, the development of Huaihai Ecological Economic Belt was recognized as a national strategic plan. Thanks to this, Lianyungang was positioned as a demonstration area in the development of marine economy of the PRC, and its hub function of connecting the sea and land was enhanced. In 2019, the Yangtze River Delta Integration plan was further recognized as a national strategic plan.

In January 2019, the shipping line of “Lianyungang-Ningbo” officially commenced operation, which founded the new growth points for container volume and lay a solid foundation for opening up foreign trade sources. The Lianyungang-Ningbo shipping line fills the gap in the import and export of foreign trade containers in Yuzhou and lays a solid foundation for the subsequent opening of foreign trade routes. On December 30, 2021, Lianyungang Port Group Holdings signed a strategic cooperation agreement with Shanghai International Port (Group) Co., Ltd. pursuant to the decision of Jiangsu Province to “integrate its development into the development of the Yangtze River Delta, leverage the Longhai line, and connect Europe and Asia”. In March 2022, the Group entered into a strategic cooperation agreement with Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司) to enhance the development of river-sea combined transportation. Pursuant to the agreement, it was disclosed on 11 March 2022 that Shanghai International Port (Group) Co., Ltd. was expected to subscribe for 372 million shares of Jiangsu Lianyungang Port Co., Ltd. (Shanghai Stock Exchange stock code: 601008) with a consideration of no more than RMB1.5 billion.

Cooperation between both domestic and foreign markets will be further strengthened, which requires Lianyungang to further strengthen the capacity of its two-way international transportation services and extend the logistics service chain surrounding the port. At present, the Bengbu route has commence operation, which effectively gathers the supply of goods in the hinterland of the inland river. As an important port in Huaihe river system, Bengbu Port is an important hub for Anhui Province to integrate into the “Belt and Road” initiative and the strategy of the Yangtze River Economic Belt. The sea-river intermodal transportation has become an important link for enhancing the connection between Anhui and Jiangsu, Bengbu and Lianyungang, and Bengbu Port and Lianyungang Port.

Pursuant to the Notice of the National Development and Reform Commission on Printing and Distributing the Regional Planning of the Yangtze River Delta Region (國家發展改革委關於印發長江三角洲地區區域規劃的通知) issued by the NDRC in 2010, Lianyungang's objective is to build itself as a comprehensive transportation hub and a port-side industrial base and an international seaport city with heavy chemical industry as its primary industry for economic development. In particular, basing on Lianyungang Port and cooperating with Nantong Port and Yancheng Port, Lianyungang intends to build a coastal port group to further develop the international shipping and modern logistics and enhance its ability to serve the central and western regions, and make itself an important part of the North Wing of Shanghai International Shipping Center. The Lianyungang Port intends to further develop and strengthen its influence on the central and western regions of China by constructing itself as an important comprehensive transportation hub and logistics centre, as well as an influential hub on the New Eurasian Continental Bridge, boosting the “dual circulation” development policy of the PRC. Located in the intersection of the New Eurasian Continental Bridge and the Maritime Silk Road, Lianyungang Port enjoys superior geographical advantages.

Lianyungang has long been striving to grow into a hub port for domestic trade and to build sea-river intermodal transportation capabilities as “One Port with Four Routes” connecting the Yan River, Guan River, Tongyu River, Huai River, Beijing-Hangzhou Canal and Yangtze River. At present, the river-sea intermodal transportation network has been preliminarily formed, basing on which Lianyungang will leverage the development momentum of the integrated development of the Yangtze River Delta region and the advantages of intermodal transportation to realize the high-quality development of container shipping business in Lianyungang.

- the PRC government's “Belt and Road” initiative (一帶一路合作倡議)

In 2015, the National Development and Reform Commission of China (“NDRC”) proposed to position Lianyungang as “the eastern starting point of the new Eurasian Continental Bridge International Economic Cooperation Corridor”. In 2019, the Jiangsu Provincial Government announced Lianyungang as a “strong fulcrum” for the construction of the “Belt and Road” intersection. Pursuant to the Development Plan for the River and Sea Ports in Jiangsu Province (2015–2030) issued by the General Office of Jiangsu Provincial Government, Lianyungang Port is required to leverage its advantage of being an intersection port in “Belt and Road” and the 21st Century Maritime Silk Road to build itself as a base for China-Kazakhstan logistics transshipment, the export port for Shanghai Cooperation Organisation (“SCO”) member countries, a demonstration zone of cooperation among the eastern, central and western regions of China, and a regional international hub port.

The central government has designated Lianyungang in “Belt and Road” as the first nodal city in the New Eurasian Continental Bridge and has been supporting the construction and operation of China-Kazakhstan (Lianyungang) Logistics Cooperation Base, Khorgos Gateway Dry Port and SCO (Lianyungang) International Logistics Park. Pursuant to the national strategy of “Belt and Road”, Jiangsu Government intends to further promote the construction of China-Kazakhstan (Lianyungang) Logistics Cooperation Base and the SCO (Lianyungang) International Logistics Park. The Jiangsu Provincial Government has also positioned Lianyungang Port as a national innovation demonstration zone. Driven by the initiative of “Belt and Road”, economic cooperation, and the interflow of commodities between Lianyungang's hinterland and countries and regions along the key railways, are expected to increase. In addition, to improve the “three vertical” development axes of Lianyungang Port, smooth the “three horizontal” channels of Lianyungang Port, to establish “three major areas” of Lianyungang Port, build Lianyungang Port as a hub port, an industrial port, a

logistics port and a trade port, and to enhance the capacity level of the Lianyungang Port, the 400,000-tonne iron ore terminal, extension of the 300,000-tonne waterway of Xuwei Port District, 200,000-tonne waterway of Binhai Port District, phase III general terminal in Dafeng Port District, terminal and supporting projects of Tongzhou Bay Port District, 100,000-to-200,000-tonne Wangcanghong waterway of Nantong port, waterway expansion in Lvsi Operation Area, a 300,000-tonne crude oil pier and a 300,000-tonne LNG receiving station are expected to be completed. By closely participating in the construction of international maritime transport channels, the Group intends to promote the integration and improve the quality and efficiency of China-Europe train routes and further develop direct trains to Central Asia. Also, the Group intends to seek for more two-way international transfers between Central Asia and the areas such as Japan, South Korea, and Southeast Asia, so as to strengthen the major coastal ports and new land-sea corridors and promote the effective connection of the China-Europe Land-Sea Express Line, as well as accelerate the construction of Lianyungang Port Central Asia, China-Europe Railway Express Seaport Terminal Assembly Centre and International Hub Seaport Railway Container Centre Station. To build Lianyungang Port as a “strong fulcrum” for the construction of the “Belt and Road”, the Group intends to build Lianyungang Port as a comprehensive reform and opening-up pilot zone and promote the joint construction of a benchmarking demonstration of the new Asia-Europe land-sea combined transportation channel along the “Belt and Road”. The Group also committed itself to accelerate the construction of its four port districts and enhance its cooperation with inland dry ports and logistics yards. For example, the Group, jointly with COSCO Shipping Group, has purchased 49% of the equity interest of the Khorgos Gateway Dry Port held by Kazakhstan Temir Zholy. Khorgos Gateway Dry Port is a demonstrative logistics port for the alignment between China’s initiative of “Belt and Road” and Kazakhstan’s “Bright Road Initiative”. It is designed to provide the best logistics solution for a constructing neighboring logistics zone and a industrial zone, each with an area of 2.25 million square metres. This is the second logistics cooperation between the two countries, following the China-Kazakhstan (Lianyungang) Logistics Cooperation Base.

As the eastern bridge-head of the New Eurasian Continental Bridge defined in the “Belt and Road” initiative, Lianyungang is a convenient conduit for both central and western China and central Asia, and a key port for several countries. Basing on Lianyungang Port Lianyungang’s modern integrated transportation system has been initially shaped. Therefore, Lianyungang Port’s significance on the state-level development zones and special customs controlling zone was gradually enhanced, and its capability to serve central and western China has been improved. The Group believes that providing the trans-shipment facilities from central and western China will become a key growth point of the Group’s operation results.

- the “National East — West Regional Cooperation Demonstration Zone “(國家東中西區域合作示範區)

In 2011, the State Council of the People’s Republic of China approved the establishment of a national innovation demonstration zone in Lianyungang for regional cooperation between eastern, central and western China. In the same year, the NDRC issued a plan for the development of a national innovation demonstration zone for regional cooperation. Pursuant to the plan of the demonstration zone under the 14th Five-Year Plan, the modern logistics service functional area is required to be located in Lianyungang Port and the logistics parks connected to Lianyungang Port.

Pursuant to the “14th Five-Year” Implementation Plan of the Yangtze River Delta Integrated Development Plan (長三角一體化發展規劃”十四五”實施方案) and the development plan of Jiangsu province, Jiangsu government intends to promote the reform and innovation in key

factors such as finance, talent, shipping, international trade, and business environment, so as to accelerate the establishment of an open economic system and mechanism that meets international standards. The Jiangsu government intends to build an important international transportation hub in Asia and Europe and an open portal for gathering high-quality elements, and a communication and cooperation platform for countries and regions across the “Belt and Road”. Also, the Jiangsu Government intends to further develop the SCO (Lianyungang) International Logistics Park and create a benchmark for China-Europe freight trains by integrating the east-west supply sources, so as to initially establish a national land bridge coordination mechanism and a customs commodity inspection cooperation mechanism along the land bridge with cities along the land bridge, and promoting the logistics cooperation with Zhengzhou, Xi’an, Yinchuan, Urumqi, Khorgos and other areas along the line, in order to build a land-maritime supply chain corridor. At the end of October 2021, the exclusive railway for the SCO (Lianyungang) International Logistics Park was put into operation, following which the park has access to multiple models of transportation, such as railway, highway, inland river, seaport, corridor, building a well-functioning comprehensive transportation system. The financial support policy of Jiangsu government is expected to be continued until 2025, mainly on supporting the improvement of container transportation capacity and building a high-quality open portal to serve the central and western regions. In 2025, Lianyungang Port is expected to achieve a throughput of 350 million tonnes and ten million TEUs, with one million TEUs under land-sea combined transportation, and to possess 60% of the industry resources in central and western China. The Gansu Government also intends to support the formulation of Lianyungang marine LNG bunkering management measures and operating specifications.

- the “East and West New Heights Opening” (東西雙向開放新高地)

The “East and West New Heights Opening” is to systematically build a land-sea channel that communicates with China inland hinterland and faces Europe and Asia, enhances the functions of coastal port groups, and empowers key platforms such as “National East — West Regional Cooperation Demonstration Zone”. The strategy aims to optimize resources and deepen the cooperation within central and western countries and regions, in order to strengthen the cooperation with European and East Asian countries. In addition, leveraging the strategic link function of coastal regions in the East and West New Heights, the Group aims to create a most convenient access to the sea logistics for the central and western regions of China.

These national strategic plans have brought the Lianyungang Port with abundant development opportunities. Going forward, with the in-depth implementation of key strategies and initiatives mentioned above, the development of Jiangsu’s coastal area, Lianyungang and Lianyungang Port will usher in significant opportunities for growth.

Financial support

The Group receives grants and subsidies from different levels of government for its construction projects, infrastructure construction and port industry development.

In 2013, the Group received a subsidy of RMB21.35 million from the Ministry of Transportation to build the first low-carbon port in the PRC. The construction significantly improved energy efficiency and reduced the carbon emissions in Lianyungang Port, saving energy costs while setting a good example for other ports in the PRC. In central government level, the Group has applied to the central government for a subsidy of RMB490 million for the 300,000-tonne waterway extension in Xuwei port. Enlisted as a key project, Phase I and Phase II of the 300,000-tonne waterway was well subsidized by the Ministry of Transportation with injections of RMB863 million (out of a total investment of

approximately RMB4.77 billion) and RMB3.03 billion (out of a total investment of approximately RMB7.75 billion) respectively. The NDRC and the Ministry of Transport of the PRC have also provided other project construction subsidies to the Group over the years. In addition, the NDRC and the Ministry of Finance of the PRC have provided the Group with special funds through CDB Development Fund. The Group also enjoys subsidies to build a low-carbon port from the PRC central government and subsidies for the construction of special railway lines from the Ministry of Communications.

At the provincial level, the Jiangsu Provincial Government has granted subsidies to support the construction of public infrastructure such as port entry channels and breakwaters. From 2019 to 2021, the Group has received aggregately maintenance subsidies of RMB950 million for breakwater and other public infrastructure, entry channel subsidies of RMB782 million, new route subsidies of RMB88 million, and subsidies of RMB613 million for multi-model shipping and sea-river shipping. In particular, the provincial government has adopted an “One Project, One Discussion” approach to support the construction of projects such as Lianyungang Port’s 300,000-tonne waterway project, newly opened shipping routes, multimodal transportation, and sea-river combined transportation. In addition, special funds of RMB2,864 million and RMB4,550 million, respectively, have been granted for the development of Phase I and Phase II of the 300,000-tonne waterway project. Further, the Shanghai Cooperation Organization (Lianyungang) International Logistics Development Fund has been focusing on investing in the construction of SCO (Lianyungang) International Logistics Park, China-Kazakhstan (Lianyungang) Logistics Cooperation Base, and the advanced manufacturing, among others. From 2019 to 2021, the Group has aggregately received subsidies of RMB28 million for the advanced manufacturing and subsidies of RMB2 million for the China-Kazakhstan (Lianyungang) Logistics Cooperation Base. The provincial government also intends to support, with financial subsidies, the construction of railway branch lines and special lines in Lianyungang Port Area, the industrial parks and logistics parks near to Lianyungang Port, and use special funds and investment funds to support the construction of public infrastructure. From 2019 to 2021, the Group has aggregately received subsidies of RMB1.72 billion for its port districts, RMB106 million for its railway branch lines and RMB250 million for its special lines. In addition, the Department of Finance of Jiangsu Province has refunded the sea use fees paid by the Group in connection with port infrastructure construction each year, with an aggregate amount of RMB230 million for the years during 2016 and 2020.

At the municipal level, the Lianyungang Municipal Government has also adopted various favourable policies to support the establishment and construction of projects within the China-Kazakhstan (Lianyungang) Logistics Cooperation Base and SCO (Lianyungang) International Logistics Park. Special funds and subsidies have also been granted by the Lianyungang Municipal Government for the construction of the Phase I of the 300,000-tonne waterway project. The Group also enjoys various favourable policies in respect of VAT, enterprise income tax and cargo port management fee implemented by the Lianyungang Municipal Government. From 2016 to 2020, the aggregate amount of reduced and refunded taxes and fees, including value-added taxes, corporate income taxes and cargo dues, has reached RMB18 million. Besides, the municipal port bureau, finance bureau and transportation bureau of Lianyungang Municipal have been providing financial discounts to the Group and the Lianyungang Municipal Government has been refunding the state-owned capital operating income paid by the Group. To support the restructuring of transportation, the Lianyungang Municipal Government also grants subsidies to the operation in relation of revolving iron, revolving water, international sea routes and international trains. From 2016 to 2020, the Group has aggregately received operating subsidies of RMB33.70 billion, interest subsidies of RMB254 million, maintenance subsidies of RMB368 million for public port infrastructure, subsidies of RMB1,045 million for Phase I of the 300,000-tonne waterway, and special subsidies of RMB207 million.

The description of support from the PRC government above is on the support given to the Group's business operations and should not be read as any indication that the PRC government will provide any financial support to the Group in respect of its obligations under the Bonds or the Guarantee. See "*Risk Factors — The PRC government has no payment or other obligations under the Bonds or the Guarantee*".

The Group's high-quality infrastructure facilities provide a solid foundation for its further growth

As the only deep-water port in Jiangsu Province, Lianyungang Port has 250,000-tonne channels, 300,000-tonne ore terminals and a sixth-generation container pier. Lianyungang Port has formulated a "one body, two wings" layout with main port district as the "body" and Xuwei port district and Ganyu port district as "two wings".

The Group's high-quality infrastructure facilities have provided a solid foundation for its sustainable growth during the period of 13th Five-Year Plan. For the year ended 31 December 2020, the operating income of the Group reached RMB13.77 billion, increased by 8.09% annually with an annual increase of RMB845 million during the period of 13th Five-Year Plan. As at 31 December 2020, the Group's total assets reached RMB60.83 billion, increased by 5.85% annually during the period of 13th Five-Year Plan. For the year ended 31 December 2020, the cargo throughput of Lianyungang Port reached 252 million tonnes, increased by 3.71% annually, with an annual increase of 13 million tonnes of charged throughput and an annual increase by 9% of the container volume, during the period of 13th Five-Year Plan. As at 31 December 2021, the Group's operating income and total assets was approximately RMB14.66 billion and RMB64.96 billion, respectively.

As at 31 December 2021, Lianyungang Port has 79 10,000-tonne harbour berths with a total designed capacity of approximately 200 million tonnes, a container traffic capacity of 3.4 million TEU, a maximum capacity for bulk cargoes of 300,000-tonnes and a maximum capacity for containers of 150,000-tonnes. Such berths are able to handle various types of cargoes including containers, coal, coke, minerals, bulk grains, alumina, bulk chemical fertilisers and liquid chemical products. The capacity of the wharf facilities and equipment in the main port district has been upgraded, the second phase of the 300,000-tonne waterway project has been connected, and the specialized liquefaction terminal has been completed and put into operation. The terminal capacity of the "two wings" of Lianyungang Port has been significantly improved, facilitating the opening of the first-class port. The shoreline of the bulk cargo berth in Ganyu port district has been approved, and the liquid chemical tank farm has been put into use. The first phase of the wharf in Xuwei port district has been completed and put into operation, the 300,000-tonne crude oil wharf project has been approved, and the main body of the pipe gallery project in the liquid bulk cargo area has been completed. The supporting facilities and the second phase of the berth at the rear of the phase I of the Yanwei operation district in Guanhe port district have been completed and put into use for the loading and unloading of foreign trade vessels, and six new berths in the inland port area have been completed.

In recent years, the Group has successfully promoted the construction of port collection and distribution system and comprehensive transportation system. As a result, the interconnection system has been further optimized and the service network has been expanded. Nine new container routes has been opened annually, bringing the total number to 73, and the number of general cargo ro-ro routes has increased to 24. The ships operating in the China-Korea ferry route have been upgraded, inland water transportation is able to reach the Jiangsu, Shandong, Henan, and Anhui provinces, and 12 sea-rail combined transportation channels have been opened, which contribute to the optimization of multimodal transport and the expansion of river-sea combined transportation and the sea-rail combined transportation of containers. In addition, the China-Kazakhstan (Lianyungang) Logistics Cooperation Base and the Khorgos Gateway Dry Port have achieved functional improvement, business interaction

and information communication, and the international network has full coverage of major stations in Central Asia, Turkey, Germany, Japan, China, Mongolia, and others, covering wheat, cotton yarn, ferroalloy and other cargoes.

The Group has been promoting the construction of “Green Port” pursuant to the national commitment to emission reduction

The Group has been promoting the construction of “Green Port” pursuant to the national carbon emission reduction policy. In particular, the Group has issued various internal guidelines and plans, such as Guidelines for Creation and Administration of a Civilized Environment in Lianyungang Port, Measures for Administration of Environmental Protection in Lianyungang Port, the Plan for Building a Green Port in Lianyungang Port, the Three-Year Action Plan for Building a Green Port (2018–2020), the Work Plan for Control and Prevention of Air Pollution, the Measures for Control and Prevention of Pollution from Bulk Operations, and the Measures for Evaluation of Environmental Performance (Trial), which demonstrate the Group’s strong awareness and resolutions to green operation. The Group intends to address the root causes of environmental issues, increase its investment in environmental protection facilities and enhance the dust control in the port, so as to achieve its goal of constructing a “Green Port”. Thanks to its continuous efforts, the Group has been awarded with various honors in relation to its “Green Port” construction. In 2012, Lianyungang Port was listed by the Ministry of Communications in the first batch of the pilot ports and a special fund area for energy conservation and emission reduction pursuant to the “One City, One Port”. In 2015, Lianyungang Port was named as the first “Green Port” by the Ministry of Communications. In 2016, the ship shore power system in Lianyungang enhance 27-berth pier and the onboard power receiving system of the ship “Purple Magnolia” were recognised as ship shore power demonstration projects. From 2016 to 2018, the Group was consecutively named as Demonstration Enterprise of Energy Saving and Emission Reduction in Transportation (交通運輸節能減排示範企業). In 2019, the Group’s subsidiary Jiangsu Xinsugang Investment Development Co., Ltd. (江蘇新蘇港投資發展有限公司) won the honour of “Asia Pacific Green Port” (亞太綠色港口). In 2020, Lianyungang Port was recognized as a Five-star Green Port (五星級綠色港口). The Group’s key achievements are listed as below:

- In August 2021, the first domestic pure electric tugboat “Yungang Diantuo No. 1” built by Lianyungang Port was delivered for trial operation. The ship uses lithium iron phosphate battery pack as the power source, which can achieve the effect of 4,000 horsepower conventional tugboats, and is able to completely replace traditional high-power fuel tugboats, to achieve zero emission of air pollutants, and has filled the gap of domestic high-power green and low-carbon port tugboats;
- The first batch of ten SAIC Hongyan Jieshi H64x2 electric tractors of Lianyungang Port Logistics Holding Company adopts a three-electric system composed of battery motors and electronic controls to achieve zero emissions and zero pollution. This batch of electric tractors will be used for short-distance container transportation of Kaida Container Logistics, which meets the requirements of green, low-carbon and environmental protection, and promotes energy conservation and emission reduction in the port;
- The Group has strengthened the vehicle exhaust emission control by renewing non-road mobile machinery and diesel trucks: scrapped 81 non-road mobile machinery of National I and below, 51 diesel trucks or trucks of National III, installed exhaust emission lifting and reconstruction devices, and purchased exhaust gas detection equipment and actively carried out self-examination of exhaust emissions;

- The Group has actively promoted the construction of shore power: the national shore power layout and 37-berth shore power construction have been completed, the shore power equipment of 4 units including Xinsu Port has been upgraded and transformed, and a three-year plan for shore power construction has been established. In April 2021, the first integrated system of shore power and energy storage in China was completed and put into operation in Lianyungang Port, which helps reduce the cost of shore power use, further reduce ship pollutant emissions, and achieves the goal of carbon peaking and carbon neutrality; and
- The Group has actively promoted the use of clean energy: the application of pure electric stackers by New Oriental Containers and New Oriental Containers has positive energy-saving effect, saving about 61% of the operating cost per container; the permanent magnet motor of the transfer station of the system line in the Xugoudong operation area of the Oriental Company has been put into operation, and the comprehensive energy consumption has been saved by about 28%.

Good port facilities and the management of both concentrated and dispersed transportation have supported the swift growth of the Group's business. The Group has optimized port logistics operations, focusing on reducing the operating coefficient and reducing the operation links, and optimized the operation process of various types of goods. The discharge concentrations of main air pollutants such as port dust, oil and gas, chemical gas, SO₂ and other terminals are all within the standard requirements and have decreased in the past years; the self-treatment rate of sewage and the recycling rate of reclaimed water have reached 100%. In addition, the Group has strengthened a top-level design of green development and created green near-zero carbon demonstration projects. According to the requirements of building a green transportation system and implementing the "dual-carbon" work, the Group has built green demonstration projects for terminals of container, dry bulk, and oil products, and promoted the green terminal brand in the industry. The Group has also improved the energy and environment statistical monitoring system and intelligent management and control system, establishing a statistical monitoring indicator system for energy consumption and pollutant discharge. The Group has also achieved the intelligent management of energy and environmental protection, accelerating the in-depth integration of energy conservation and environmental protection with big data, the Internet, and the IoT, and established an online monitoring platform for energy consumption and pollutant emissions. The Group will also put an emphasis on optimizing the functional layout of the main port district, increasing energy conservation and resource recycling, accelerating the construction of the five major centres in Lianyungang District and the construction of "Tens Millions TEUs Oriental Port", and building a clean and low-carbon energy system. In particular, pursuant to the framework of "internal optimization of Lianyungang area, adjustment and interaction of one body and two wings" plan, the Group has adjusted the freight function of part of the port operation area adjacent to the Lianyungang Municipal, and has moved the cargoes with a greater impact on the urban environment and traffic to the flag station operation area and the two wings of the port area. Also, focusing on the internal structure optimization and resource integration of Port and Shipping Centre of Free Trade Zone, Super Large Intelligent Container Center, International Grain Distribution Center, Green Specialized Bulk Commodity Distribution Centre and Liquid Bulk Cargo Center, Lianyungang Port has been promoting the adjustment of the functional division of its port districts and the construction of "Tens Millions TEUs Oriental Port". Besides, to promote the application of energy-saving and low-carbon technologies and products in Lianyungang Port, the Group has been promoting the green lighting technology by speeding up the transformation of green production lighting fixtures so as to establish a comprehensive digital lighting management platform in Lianyungang Port. In addition, to build a clean and low-carbon energy system, the Group is further replacing the electrical energy for port operation machinery and port tugboats with renewable and clean energy such as solar energy and wind energy in Lianyungang Port. Further, the Group is carrying out the construction of photovoltaic power generation systems in various

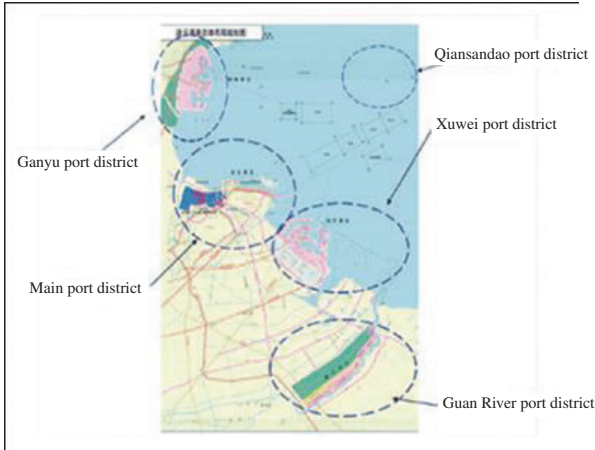
warehouses, office buildings and other areas in Lianyungang Port and exploring the feasibility of using hydrogen energy in the port area and the construction of hydrogen refueling stations pursuant to the development trend of hydrogen energy.

Going forward, during the period the 14th Five-Year Plan, Lianyungang Port will be facing the adjustment and transformation and upgrading of the terminal function layout, and a series of projects will be implemented, with the concept of green development implemented thought-out the whole process of planning, design, construction, operation, and maintenance.

Leveraging the advantageous resources and developed facilities in Lianyungang Port, the Group has secured a sustainable business growth

Pursuant to the Development Plan from 2021 to 2025 for the Coastal Areas in Jiangsu (江蘇沿海地區發展規劃(2021–2025年)), leveraging its advantageous location and comprehensive costal transportation network, the Group plays a significant role in the economic growth of Eastern China. In particular, the Group has been making efforts on integrating the hinterland of Lianyungang Port and connected industries. It has committed itself to several objectives, which include building a significant area for undertaking the industrial reform and upgrading along the Yangtze River, integrating the industrial chain and innovation chain across the Yangtze River Delta region, and constructing an innovation and development demonstration area in the eastern marine economic circle of the PRC. The Group also intends to further enhance its advantageous business, expand its strategic new business and develop new marine business, so as to promote and advance the quality of its business basis and modernize the industrial chain. The primary plans that the Group devote to include constructing a national petrochemical industry base, a green high-quality steel base, an automobile industry base, a national important green energy base and a high-tech ship industry base, and promoting the development of international shipping service industry.

Lianyungang Port consists of five port districts, and the diagram below sets out the location of the five port districts:



- Main port district (主體港區):** The main port district mainly deals with containers and bulk commodities and also conducts passenger and general bulk cargo transport as supplementary businesses. In addition, the main port is also actively developing a bonded zone and logistics services. As at 31 December 2021, it had a 250,000-tonne waterway and nearly 90 berths for production use, with the largest bulk berth of 300,000-tonne and container berth of 150,000-tonne. The main port is equipped with advanced facilities enabling an annual designed throughput of approximately 100 million tonnes. Phase I of the 300,000-tonne channel project has completed. Phase II of the 300,000-tonne channel project is under

construction and is expected to be completed by June 2022. As the main port district is embedded in the China (Jiangsu) Pilot Free Trade Zone, it will be upgraded and constructed into a specialised and large-size green port.

- **Ganyu port district (贛榆港區):** Ganyu port district focuses on industries require high-volume transportation such as petrochemicals, metallurgy, grain and oil processing, and develops around ports and adjacent industries. Under the national 14th Five-Year Plan, Ganyu port district will further promote industrial development, improve functional facilities, and enhance the carrying capacity of major projects. The main projects include: (i) Xinhai Petrochemical New Materials Park, which focuses on building three major industrial clusters, including refining and chemical transformation and upgrading, high-end petrochemicals, and olefins with diversified raw materials, and constructs and operates major projects such as the comprehensive utilization of propane of Fenghai Petrochemical, the transformation of Lianyungang soda industry and petrochemical, and Huadian LNG, creating a petrochemical industry cluster of 100 billion; and (ii) the Metallurgical Industrial Park, which innovates and explores the development mode of industrial agglomeration, and builds a new metallurgical industrial base with metal smelting as its main business, supported by the construction of R&D institutions, and extended by metal deep processing, comprehensive utilization of resources and modern logistics, which will eventually guide key enterprises such as Binxin Iron and Steel to increase and optimize their product structure, and build a national steel industry base.
- **Xuwei port district (徐圩港區):** Xuwei port district is the main platform for Lianyungang to develop iron and steel metallurgy, refining and chemical integration and other nearby industries. It is the core of the regional economy and will form an important supporting role for the industrial optimization of Lianyungang. Xuwei New District is currently planning: (i) petrochemical industry: a representative project is the crude oil storage and refining and chemical integration project, which is planned to build a 10 million tonnes ethylene matching 10 million tonnes oil refining unit, and produce downstream products such as polypropylene, EVA, ethylene glycol and vinyl acetate; and (ii) clean energy industry: based on the agreement signed with the Chinese Academy of Sciences, the Jiangsu Provincial Government, and the Lianyungang Municipal Government to jointly build the Chinese Academy of Sciences Energy Power Research Center, a 1200MWelGCC, co-generation and carbon dioxide emission reduction technology demonstration projects will be established.
- **Guan River port district (灌河港區):** Under the national 14th Five-Year Plan, Guanyun County, where the Guan River port district is located, will focus on building six industrial clusters with supporting industrial chains, high concentration, excellent structural levels and good output benefits. The main industries include high-end petrochemicals, equipment manufacturing, healthy food, light industrial textiles, smart energy, new materials and electronic information industries.
- **Qiansandao port district (前三島港區):** The construction of a port within the Qiansandao port district is under plan. Qiansandao port district is expected to mainly handle crude oil transport.

Abundant and diversified financing resources enable the stable operation of the Group

Apart from the government grants and subsidies from each level of governments, the Group also has access to various financing channels and strong financing advantages to fund its business activities, such as bank credit facilities, loans and issuance of onshore and offshore debt securities in the capital markets. In 2007, Jiangsu Lianyungang Port Co., Ltd., a key subsidiary of the Group, was listed on the Shanghai Stock Exchange with stock code 601008, which enables the Group to raise funds from equity

financing. In addition, the Group had raised additional capital by issuing various debt securities in the capital markets. As at 31 December 2021, the outstanding balance of the Group's short-term loans, long-term loans, short-term bonds, long-term onshore bonds and offshore bonds accounted for 22.14%, 30.23%, 4.28%, 36.54% and 6.82% of its total borrowing. Further, the Group has a good credit level and has cultivated strong relationship with a number of major commercial banks in China, including Bank of China, Bank of Beijing, Bank of Communications, Industrial and Commercial Bank of China, China Merchant Bank, Agricultural Bank of China, Hua Xia Bank, China Everbright Bank, China Construction Bank, China Guangfa Bank, Ping An Bank, Postal Savings Bank of China, the Hongkong and Shanghai Bank Corporation, which has enabled the Group to increase direct financing and lower its funding costs. As at 31 December 2021, the Group had credit facilities amounting to approximately RMB29.83 billion in aggregate, of which approximately 35.07% had not been utilised. The table below sets forth the details of such credit facilities.

<u>Bank</u>	<u>Credit lines</u> (RMB in million)	<u>% of utilised</u>
ICBC	4,698	86.15%
BOC	2,809	35.70%
Bank of Jiangsu	1,880	94.75%
CCB	1,826	61.19%
BOCOM	2,574	80.63%
ABC	2,918	79.36%
CMBC	2,000	43.00%
CGB	450	75.00%
CITIC Bank	1,025	71.43%
CMB	100	75.43%
Ping An Bank	510	71.30%
CEB	500	54.11%
Hengfeng Bank	500	77.40%
CIB	740	45.95%
HXB	580	25.52%
PSBC	2,128	76.27%
Eximbank	2,000	50.00%
Bank of Beijing	100	0.00%
SPDB	1,304	66.10%
China Bohai Bank	400	95.00%
LORCB	99	60.61%
Bank of Ningbo	100	70.00%
Bank of Suzhou	100	100.00%
China Zheshang Bank	400	50.00%
CDB	1,120	69.64%
Bank of Nanjing	1,035	20.68%
OCBC	64	100.00%
Nanyang Commercial Bank	319	19.44%
ICBC Asia	127	0.00%
Maybank	127	0.00%
Luso International Banking	127	50.39%
Total	2,983	64.93%

With its various sources of funding, good credit level and strong relationship with major commercial banks in China, the Group believes that it will continue to have access to sufficient capital to support its projects construction, business operations and expansion plans. In addition, the Group has maintained sound and stable finance and risk control policies to safeguard its financing performance. The Group manages its indebtedness cautiously, diversifies its financing channels, maintains the terms and proportions of its indebtedness. The Group also monitors the use of proceeds, the liquidity risk and market risks with multiple financing methods. By closely monitoring on the use of proceed and strictly controlling its capital expenditure, the Group intends to ensure reasonable capital gains, maintain stable cash flow and strengthen its capability on refunding indebtedness. Leveraging the integrated operation and management model, the Group is able to enhance its business operation and management capabilities, effectively control its operating costs through internal cost control and proper use of funds, and improve its operating efficiency.

Experienced management team safeguards the operation and development of the Group

The development of the Group is attributable to the leadership of its management team. The Group has an experienced management team with rich knowledge in port management and corporate governance. The Group believes that the management team's industry knowledge and technical expertise enables the Group to compete effectively and facilitate its development and growth. See "*Directors, Supervisors and Management*". Relying on the expertise of its senior management, the Group has achieved notable results for the three years ended 31 December 2019, 2020 and 2021.

In addition, the Group has also established an effective corporate governance structure, which is in line with modern corporate practice and ensures that key matters in relation to the operation of the Group being properly overseen by relevant departments and experienced personnel of the Group. To better manage the Group's daily activities, the Group also strictly controls its operating costs and improves its operation efficiency by its established internal fee control system.

BUSINESS STRATEGIES

Pursuant to the national strategic plan of constructing a new development framework basing on domestic internal cycle while pursuing the mutual promotion of international and domestic dual-circles, the Group intends to further develop its main port and four districts by innovating its technology, management and capital operation. In particular, the Group aims to further integrate its port resources to optimize its port operation business and accelerate implementing the innovation-driven development strategy. In addition, the Group strives to turn the Lianyungang Port district into a pioneer zone demonstrating economic development by opening-up, innovation, and industry transformation and upgrade. The Group aims to itself as an international transportation hub on the Asia-Europe continent, an open portal integrated with high-quality components, and a communication platform for countries alongside the "Belt and Road". In particular, the Group intends to pursue the following strategies to achieve such objectives:

Follow the national 14th Five-Year Plan and leverage local policy advantages

Pursuant to the strategic plan formulated by the central, provincial and local government, the Group intends to enhance its capabilities to provide international transportation and comprehensive hub service, so as to build the Lianyungang Port as a smart, efficient, green and safe eastern port with a container traffic capacity of more than ten million TEUs. In addition, the Group aims to develop itself as a modernized port operator and comprehensive logistics service provider with high operating efficiency and strong competitive strengths. To conclude generally, adhering to its "four principles" (namely open development, green development, innovative development, and shared development), the Group intends to develop a port of "four roles" (namely hub port, industrial port, logistics port, and trade port) under

“two themes” (namely high-quality development, and transformation and upgrading), and to pursue better performance through “four paths” (namely strengthening its main business, enhancing logistics, developing intermodal transport, and optimizing capital).

Enhance its professional capacity in terms of container terminals

Pursuant to the Group’s strategic plan in response to the national 14th Five-Year Plan, the Group aims to achieve a container throughput capacity of eight million TEUs and a container traffic capacity of ten million TEUs by the end of 14th Five-Year Plan. To achieve such objectives, the Group intends to focus on the development of its container terminals and the promotion of its container terminals’ operating and service capacity. Basing on the workplace in Miaoling, Xugou East and Mayao, the Group intends to speed up the construction of a super-large intelligent container centre in Lianyungang district. In particular, the Group intends to upgrade and renovate the loading and unloading facilities and promote the intelligent and integrated operation of the container terminals, so as to achieve a container throughput capacity of 4.9 million TEUs. In addition, the Group intends to optimize its container terminals service in the railway central station and China-Kazakhstan (Lianyungang) Logistics Cooperation Base (中哈連雲港物流合作基地) so as to further enhance its sea-rail combined transportation capabilities.

Extend and expand coverage of its sea routes network

The Group intends to increase its sea routes to eight sea routes and expand its sea routes network to further connect with South America and Europe. In addition, the Group intends to convince other ports within Jiangsu Province to connect Lianyungang Port with their near-sea shipping lines, and aims to increase its near-sea shipping lines to 45 shipping lines across East Asia and Southeast Asia. Furthermore, the Group intends to operate more coastal direct shipping lines to serve domestic trading so as to expand its operation and further achieve its objective of operating direct ship lines across all primary domestic ports.

Strengthen its port operation business

To further optimize its port operation business, the Group plans to streamline the categories of cargoes in its cargo handling business and increase its throughput of strategic cargoes such as metal ore to enhance its differentiated competitive strength. In the meanwhile, the Group intends to secure its throughput of traditional cargo such as coal, to increase its throughput of cargoes with high service fee and increasing value such as cement clinker and steel and to promote its business on automobile roll-off transportation. Leveraging its competitive strengths on passenger and cargo liners, the Group intends to enhance its capability on the cargo handling of groceries and promote the construction of the East China General Cargo Operation Center. The Group believes that it will be able to promote the coordinated development of ports, industries and cities, to contribute to the integration of ports and hinterland industries, the construction of port greening, environmental protection and urban environmental protection, and the coordination of urban landscape and port production coastlines.

BUSINESS ACTIVITIES

The Group’s business primarily comprises port operation, trade and logistics, construction engineering and other ancillary businesses.

Port Operation

Overview

As the operator of Lianyungang Port, the Group primarily engages in the operation and development of Lianyungang Port. The Group's port operation activities include cargo handling, storage service and port management. The table below sets forth the breakdown of the Group's operating income generated from its port operation business by its port operation activities for the indicated periods:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in million)	(%)	(RMB in million)	(%)	(RMB in million)	(%)
Main port operation activities						
Cargo handling	2,179.11	79.30	2,711.57	82.06	3,006.59	81.65
Storage service	278.44	10.13	256.07	7.75	269.08	7.31
Port management	290.55	10.57	336.70	10.19	406.72	11.05
Total	2,748.10	100.00	3,304.34	100.00	3,682.39	100.00

The table below sets forth the breakdown of the Group's gross profits generated from its port operation business by its port operation activities for the indicated periods:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in million)	(%)	(RMB in million)	(%)	(RMB in million)	(%)
Main port operation activities						
Cargo handling	562.09	84.64	708.02	86.91	855.03	86.80
Storage service	58.75	8.85	56.03	6.88	64.15	6.51
Port management	43.29	6.52	50.64	6.22	65.90	6.69
Total	664.13	100.00	814.70	100.00	985.08	100.00

Cargo handling

The Group's cargo handling business provides a one-stop solution for its customers. The cargo handling business include loading and unloading cargo from ships, transport of cargo within the Lianyungang Port district, short-term storage, cargo sorting and tallying, loading cargo onto trains and vehicles for further transportation to other parts of the PRC, and other ancillary services such as cabin cleaning, measurement, packaging, sampling, among others.

The Group primarily handles the cargoes at all five port districts of Lianyungang Port. For the years ended 31 December 2019, 2020 and 2021, Lianyungang Port had a total throughput of 244.32 million tonnes, 251.69 million tonnes and 277.10 million tonnes, respectively, and 4.78 million TEUs, 4.80 million TEUs and 5.04 million TEUs, respectively. As at 31 December 2021, Lianyungang Port had 79 10,000-tonne harbour berths, with a total designed capacity of approximately 200 million tonnes, a container traffic capacity of 3.4 million TEU, a maximum capacity for bulk cargoes of 300,000-tonne and a maximum capacity for containers of 150,000-tonne. The 79 10,000-tonne harbour berths are able to handle various types of cargoes including containers, coal, coke, minerals, bulk grains, alumina, bulk

chemical fertilisers and liquid chemical products. The Group is also accelerating the construction of a 300,000-tonne crude oil pier, a 300,000-tonne LNG receiving station, liquid bulk cargo berths and large specialized dry bulk cargo berths. For the year ended 31 December 2021, Lianyungang Port achieved an aggregate throughput of 277.10 million tonnes.

The following table provides the breakdown of the primary cargo throughput of Lianyungang Port for the periods indicated:

	For the year ended 31 December		
	2019	2020	2021
	(tonnes in thousand)		
Metal ores	113,650	117,360	118,630
Coal & products	25,700	22,280	31,250
Mineral building materials	20,270	17,070	18,630
Chemical raw materials and products	5,460	6,250	8,370
Non-metallic ores	2,350	6,270	7,220
Steel	5,690	7,700	5,790
Oil, gas & products	1,610	2,580	6,530
Grain	4,490	5,450	5,790
Others ¹	<u>65,100</u>	<u>66,730</u>	<u>74,890</u>
Total	<u>244,320</u>	<u>251,690</u>	<u>277,100</u>

Note 1: Others include cement, wood, chemical pesticides and fertilizers, salt, machinery and electric equipment, non-ferrous metals, light industrial and pharmaceutical products, and agriculture, forestry, fishery and animal husbandry products.

The Group's cargo handling business involves more than 90 routes covering container ships, general cargo ships, ro-ro ships and passenger and cargo liners, with destinations across five continents and over 450 ship-movements every month. Lianyungang Port has established stable trading relationships with more than 1,000 ports worldwide. Over 20 reputable shipping companies, including China COSCO Shipping Corporation Limited, COSCO Shipping Development Co., Ltd., CMA CGM Group, Maersk and American President Lines Limited, have opened container ship routes from Lianyungang Port to Japan, South Korea, Europe, America, Central East and Southeast Asia; ro-ro off ship routes from Lianyungang Port to Durban of South Africa, Dubai, Abbas, Kuwait, Doha, Aden, the Red Sea of the Persian Gulf, Jeddah and Algiers of the Mediterranean, and Vladivostok of Russia; passenger and cargo liner routes from Lianyungang Port to Pyeongtaek and Incheon of South Korea; and groceries routes from Lianyungang Port to Central East, the Red Sea, Mediterranean, Europe, America, Africa and Southeast Asia. Cargoes unloaded from ships in Lianyungang Port can be transported directly from the port to Alma-Ata and Moscow via international train or to Alashankou and Khorgos for further transportation to other countries. For domestic transportation, there have been railways in operation from Lianyungang to Zhengzhou, Xi'an, Xining, Wuxi, Houma and Taojiazhai, which enables companies to move cargoes from Lianyungang Port to those cities efficiently and economically.

Since 1 January 2015, cargo loading and unloading fee has been changed from government oriented to market oriented. For most imported bulk goods and containers, the Group sets prices for its cargo handling services in accordance with the price guidance previously published by the Ministry of Transport of the PRC after taking into account various factors including market conditions, prices of competing ports and its operational costs. The Group normally charges a lump-sum fee for its cargo handling services, which includes a cargo loading and unloading fee, port construction fee, port management fee, security fee, port railway using fee and demurrage fee. For large pillars such as coal and iron ore, the Group sets the price based on the market situation, the pricing level of other nearing

ports and its own loading and unloading costs based on the rate of the Ministry of Transport of the PRC. For the three years ended 31 December 2019, 2020 and 2021, the Group's cargo handling business contributed an increasing percentage of the revenue of the Group's principal businesses, increased from approximately 18.0% in 2019 to 21.8% in 2021.

Storage service

The Group provides storage services for cargo and containers unloaded from ships or to be loaded onto ships in Lianyungang Port. As the largest freight customer of CR-Shanghai with an average daily loading capacity of 2,143 carriages, the Group has been adhering to the development strategy of "boosting cargo transport growth by railway transport and increasing port throughput by cargo shipment" in recent years. It has managed to increase the cargo turnover rate to make full use of its limited yard space. In addition, the Group has adopted a centralized management system across all yards to maximize the utilization rate of its existing storage yards and reduce the transfer costs. As at 31 December 2021, the Group operated an internal storage yard with a total GFA of approximately 4.4 million square metres, which can store 19 million tonnes of cargo and 120,000 TEUs of containers. As at 31 December 2021, the Group also operated an external bulk storage yard with a total designed storage capacity of approximately 4.0 million tonnes. Lianyungang Port's warehouse has around 200,000 square meters, which is for satisfying the storage demands of its customers. In addition, the Group has recently completed the construction of the SCO (Lianyungang) International Logistics Park Railway (上合物流園鐵路) loading and unloading station, with a storage area of about 137,000 square meters. Since 2013, the Group has established an electronic yard map of internal storage yards through information construction, which has significantly enhanced its cargo storage monitoring capability. In recent years, the Group has also been accelerating the development of several internal storage yards projects in Lianyungang Port, such as the 60-mu land foundation treatment project of SCO (Lianyungang) International Logistics Park (with 40,000 square meters storage yard), the Environmental Protection Tank Storage Logistics Project of SCO (Lianyungang) International Logistics Park (上合物流園環保罐儲物流項目) (with 20,000 square meters storage yard), Lianyungang Hengxintong Iron and Ore Selected Expansion Project (連雲港恆鑫通鐵礦石精選擴建工程) (with 45,000 square meters storage yard), the Mixed Ore Storage Yard Project in the southern area of Qitai Operation Area (旗合作業區南區混配礦堆場工程) (with 600,000 square meters storage yard), and the numbered 4 to numbered 6 general berth projects in Ganyu port district (贛榆港區) (with 450,000 square meters storage yard).

Port management

The Group provides port management service in Lianyungang Port, including the maintenance of port facilities and water areas, the provision of berthing assistance services to ships arriving and leaving the Lianyungang Port and the provision of transport services within the port via water or internal railway transportation. The Group operates numerous pilot ships to provide effective berthing assistance for ships arriving and leaving Lianyungang Port, and also operates an organised internal railway transport system connecting to external railway lines. The internal railway transport system boasts efficient loading and unloading capabilities, enabling cargo to be quickly delivered within the port area and to other parts of the PRC. In November 2018, "Dongfang No.3", the first self-constructed carriage boat in Lianyungang Port was completed and commenced operation.

The Group charges the port management fees according to the *Regulations on Collection of PortCharges of the People's Republic of China* (中華人民共和國港口收費規則) and are levied on port customers based on the amount of cargo handled within the port. The Group also levies assistance fees for its berthing assistance services and buoy services. For transport service via water transportation, the Group charges transport fees based on the size of the ship and the number of tug-boats used. For transport service via railway transportation, the Group charges transport fees based on the number of carriages used, mileage travelled and tonnage of the cargo transported.

Trade and Logistics

Overview

The Group engages in trading of various products, primarily including iron ore, iron powder, steel, coke, alloy iron, chrome ore, chemicals, non-ferrous ore and calcined petroleum coke. The Group also engages in ship financing agency, bonded warehousing, international and domestic shipping and cargo freight business as part of its trade and logistics business. The trade and logistic business of the Group is a major supplement to the Group's port operation business. The trade and logistics business mainly serves major customers in the port operation business providing them with a full-range logistics chain solutions including procurement, agency, sales, logistics and finance. The Group's primary aim of conducting its trade and logistics business is to increase the throughput of Lianyungang Port and promote the development of its port operation business by increasing trading volumes in the port. Therefore, the Group is primarily focused on minimising risk in its trade and logistics business rather than maximising profit.

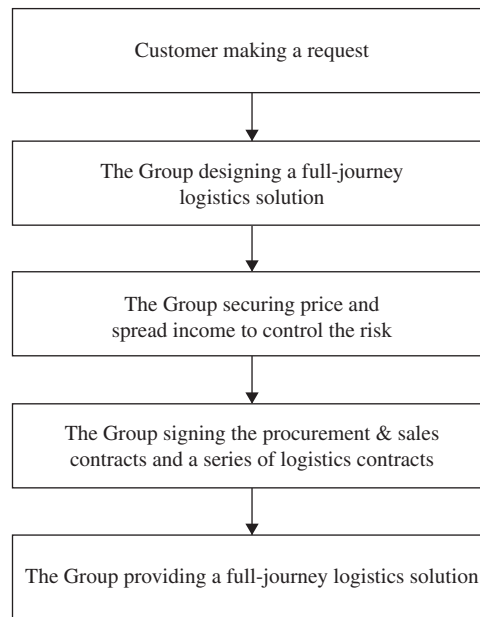
The main activities of the trade and logistics business are carried out by Jiangsu Lianyungang Port Logistics Holding Co., Ltd. and Shanghai (Hong Kong) International Trading Development Co., Ltd. Jiangsu Lianyungang Port Logistics Holding Co., Ltd. carries out trade business, cargo agency, bonded warehouse and goods transportation businesses. It relies on the trade business from existing businesses and logistics stations, including trading of iron ore, nickel ore, timber, and is an extension of the Group's port operation business. Shanghai (Hong Kong) International Trading Development Co., Ltd. mainly carries out the trading of goods. It acts as a procurement agent to trade goods such as liquid bulk cargoes, polypropylene plates and nickel plates.

For the years ended 31 December 2019, 2020 and 2021, the Group's operating income generated from its trade and logistics business amounted to RMB7,975.69 million, RMB7,763.63 million, RMB8,008.89 million, respectively, representing 61.34 per cent., 56.37 per cent., and 54.62 per cent., respectively, of the Group's total operating income for the same period. For the same periods, the Group's gross profits generated from its trade and logistics business amounted to RMB73.52 million, RMB77.03 million and RMB150.42 million, respectively, representing 5.76 per cent., 5.58 per cent., and 8.46 per cent., respectively, of the Group's total gross profits for the same periods.

Trade

Trading Process

The Group conducts most of its trading business as a principal, with a small proportion through agents. The Group's trading business relies primarily on the demand from domestic customers, and the Group conducts procurements from both domestic and overseas suppliers. The Group normally sources from suppliers after receiving sufficient indications of demand from customers. The Group generally enters into the purchase contracts with suppliers and sales contracts with customers simultaneously to minimise risk. In certain limited circumstances, based on the Group's analysis of the market demand, the Group may procure certain products in advance as stock for future sale. The following chart illustrates the operation flow of the Group's trade and logistics business.



In operating its trading business, the Group generally focuses on less volatile commodities with stable quality and extensive applicability, as well as basic resource commodities, in order to control any potential sourcing risks. In the trading of cargoes held by the Group, a specified percentage of deposits will be required to be paid to the Group to hedge the risk derived from price fluctuations. Such cargoes are usually stored in warehouses operated by third parties who are responsible to monitor the cargoes and control their quantity and quality. The Group closely monitors the market price of the commodities under its control, which will be delivered to the customers upon the payment or within the pre-agreed quota. The Group does not conduct its trading business for profit, but with the aim of increasing the use of its port services and improving throughput through mitigating fluctuations in commodity prices and market risks.

Settlement

The Group normally settles its purchases from international suppliers by way of international letters of credit, purchases from domestic suppliers with domestic letters of credit, cash and other payment methods. The customers usually settle their payments with the Group through cash, bank acceptance bills and other payment methods.

To minimise risks in relation to receivables, the Group analyses the customer's open credit account, and carries out credit ratings of customers. For large sale orders, the Group requires credit enhancement measures, such as guarantees, pledges, or retention of title provisions, to reduce risks.

Products and trading volume

The table below sets forth certain particulars of the major products traded by the Group for the periods indicated:

Products	For the year ended 31 December		
	2019	2020	2021
	(tonnes in thousand)		
Iron ore	75.33	51.93	50.44
Iron powder	17.25	17.32	21.50
Steel	0.04	10.41	6.67
Coke	5.45	9.65	5.00
Alloy iron	0.01	0.08	0.40
Chrome ore	0.50	0.66	0.18
Chemicals	0.03	0.06	0.05
Non-ferrous ore	—	0.3	0.34
Calcined Petroleum Coke	—	—	0.41
Total	98.61	90.41	84.99

Suppliers

The Group's key suppliers include both domestic and overseas suppliers engaging trading of metals, wood and pulp, coal and rubber. The Group also sources directly from various mining, production and manufacturing companies, such as metal mining companies, forestry companies and chemical manufacturing companies.

The Group places orders with its suppliers based on its actual procurement demand from time to time. The Group also enters into cooperative framework agreements with its long-term suppliers, generally for one to three years. The Group selects its suppliers based on their product quality, after-sales service, track record, pricing and other factors. The supply contracts generally set out terms relating to the quality and quantity of the products, payment and delivery schedules, product liabilities and ownership transferring.

Customers

The Group's key customers are domestic customers engaging trading of metals, wood and pulp, coal and rubber. The Group also sells its products directly to production and manufacturing companies, such as equipment manufacturing companies.

The Group enters into sales contracts with its customers on order basis. The Group also enters into long-term cooperative agreements with certain long-term customers, generally for one to three years. The sale contracts generally set out terms relating to the quality and quantity of the products, payment and delivery schedules, product liabilities and ownership transferring.

Logistics

The China-Kazakhstan (Lianyungang) Logistics Cooperation Base (中哈連雲港物流合作基地) constructed by Lianyungang China-Kazakhstan International Logistics Co., Ltd. (連雲港中哈國際物流有限公司) is the first physical project under the "Silk Road Economic Belt" promoted by China and Kazakhstan and the first international economic and trade project implemented by Lianyungang under the "Belt and Road" strategy, which has been serving national strategies and promoting the connectivity through land and sea. In September 2013, May 2014, August 2015 and June 2017, leaders of China and Kazakhstan attended the signing and operation ceremonies of the project. The base is designed to be

equipped with a container yard of 220,000 square meters and 1,763 container spaces, as well as a 3.8-kilometres railway line with an average daily loading and unloading capacity of 10.2 rail-trains and a maximum annual loading and unloading capacity of 410,000 TEUs. As at the date of this Offering Circular, the Group owns 51.0 per cent. of by Lianyungang China-Kazakhstan International Logistics Co., Ltd. (連雲港中哈國際物流有限公司) while Kazakhstan Railway Express Co., Ltd. (哈鐵快運股份有限公司) owns the remaining 49.0 per cent. of it. Since the establishment of the base, it has been serving national strategies and promoting the land-sea combined transportation and the economy corporation among the counties and regions along “Belt and Road”. As at 31 December 2021, the total investment amount for such base exceeded RMB3.0 billion, and the base serves a variety of international businesses, including international and domestic train shipments, international multimodal transportation, unpacking, consignment, warehousing, packaging, supervision of loading and unloading of goods, customs declaration, inspection, insurance, consulting and other international cargo transportation agency business.

The SCO (Lianyungang) International Logistics Park is located between Lianyungang District and Xuwei Port District, and is wholly invested and constructed by the Group. Based on the success of the Shanghai Pilot Free Trade Zone, the Group has developed the SCO (Lianyungang) International Logistics Park as the foundation of a free trade zone for, amongst other things, promoting investment and use of trading facilities, deepening reform of the administrative systems, opening up the service industries, implementing the PRC’s “negative list” regulatory framework and enhancing financial services.

Construction Engineering

Overview

The Group primarily undertakes projects in relation to water transportation through its subsidiary, Jiangsu Zhugang Construction Group Co., Ltd. (江蘇築港建設集團有限公司). The Group mainly secures these projects through bidding procedures and utilises optimized construction technologies and cost control procedures to effectively improve its gross profit and profit margin. The Group typically obtains construction projects from public tendering in accordance with applicable laws and regulations. The Group possesses a “First-class Qualification for General Contracting of Port and Waterway Engineering Construction” issued by the Ministry of Housing and Urban-Rural Development, and is therefore permitted to undertake individual projects valued at no more than five times of its contracting enterprise’s registered capital in the sectors of ports and waterways, such as ports, breakwaters, revetments, dredging and land reclamation. In addition, the Group possesses a “Second-class Qualification for General Contracting of Housing Construction Engineering” issued by Jiangsu Provincial Construction Authority.

The Group supervises construction projects as lead contractor. In recent year, the Group mainly undertakes construction of projects owned by large-scale state-owned companies, such as the Lianyungang 300,000-tonne Waterway Construction Headquarters and Jiujiang Jiuding Logistics Co., Ltd. (九江市九鼎物流有限公司). Key customers include China Communications Construction, COSCO Shipping, China Overseas, Sinotrans, Jiangsu Yangtze Petrochemical, Ningbo Zhoushan Port and other large-scale state-owned enterprises, as well as the headquarter of Lianyungang Port’s 300,000-tonne waterway construction project and Jiujiang City Jiuding Logistics Limited.

For the years ended 31 December 2019, 2020 and 2021, the Group’s operating income generated from its construction engineering business amounted to RMB1,331.68 million, RMB1,842.88 million, and RMB2,032.77 million, respectively, representing 10.24 per cent., 13.38 per cent., and 13.86 per cent., respectively, of the Group’s total operating income for the same periods. For the same periods, the Group’s gross profits generated from its construction engineering business amounted to RMB179.78 million, RMB237.28 million, and RMB375.70 million, respectively, representing 14.08 per cent., 17.18 per cent., and 21.14 per cent., respectively, of the Group’s total gross profit for the same periods.

Settlement

Usually, the Group receives 80% to 70% of the total amount along the construction of the projects according to the construction progress and payment schedules. After the completion and acceptance of the projects, payment of 95% of the total amount shall be settled, and the remaining 5% of the total amount will be paid after the warranty period expires.

Projects

Completed Projects

For the years ended 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022, the Group has primarily completed 11 construction engineering projects with an aggregate investment amount of RMB5,375.80 million. The following table sets out particulars of such completed projects:

<u>Project Description</u>	<u>Commencement Date</u>	<u>Actual Completion Date</u>	<u>Total Investment Amount</u>
			(RMB in million)
Xuwei Port District Liquid Bulk Berth Area Entry Channel Project (徐圩港區液體散貨泊位區進港航道工程)	April 2020	September 2020	234.18
Lianyungang Port Central Freight Terminal (Phase I) (連雲港港中心貨運站一期工程)	August 2012	January 2022	628.00
SCO (Lianyungang) International Logistics Park Railway Loading and Unloading Station Project (上合物流園鐵路裝卸場站工程)	August 2017	December 2021	488.26
SCO (Lianyungang) International Logistics Park Special Railway Project (上合組織(連雲港)國際物流園專用鐵路工程)	August 2017	January 2022	1,602.12
Public Supporting Start-up Project of Liquid Bulk Cargo Area in Xuwei Port District (徐圩港區液體散貨區公共配套起步工程)	July 2018	October 2021	1,124.44
Nanshu port Highway Improvement Project (南疏港公路完善工程)	November 2019	December 2021	206.69
Xuwei Port District Liquid Chemical Berth Branch Pipe Gallery Project (徐圩港區液體化工泊位支管廊工程)	July 2019	August 2021	356.46
The Start-up Project of the Embankment of a Jetty Storage Yard in Xuwei Port District (徐圩港區一突堤堆場圍堤起步工程)	July 2019	August 2021	427.45
Ground treatment project behind No. 5 to No. 6 in Ganyu Port District (贛榆港區5號至6號後方地基處理工程)	April 2021	March 2022	78.00
Yard Project of Phase III of the Wharf in the Operation Area of Xuzhou Xinyi Port Area (徐州新沂港區作業區碼頭三期工程堆場項目)	March 2019	November 2020	98.09
Hydraulic Construction of Phase IV of Taicang Port Area of Suzhou Port Project (蘇州港太倉港區四期工程水工施工)	August 2018	April 2020	132.11
Total			5,375.80

Ongoing Projects

As at 31 December 2021, the Group primarily has 10 projects under construction, with an aggregate invested amount of RMB2,949.86 million. The following table sets out the particulars of such key projects:

<u>Project Description</u>	<u>Commencement Date</u>	<u>Total Investment Amount</u> (RMB in million)
The start-up project of the yard embankment in the container berth area of the Xuwei Port District of Lianyungang Port (連雲港港徐圩港區集裝箱泊位區堆場圍堤起步工程)	July 2019	706.42
300,000-tonne waterway extension project in Xuwei Port District of Lianyungang Port (連雲港港徐圩港區30萬噸級航道延伸段工程)	December 2020	812.36
External Line Project of Public Supporting Start-up Project of Liquid Bulk Cargo Area in Xuwei Port District (徐圩港區液體散貨區公共配套起步工程外線工程)	March 2020	84.68
The embankment project of the green specialized bulk commodity distribution centre in the Qitai operation area (旗台作業區綠色專業化大宗商品集散中心圍堤工程)	April 2021	398.66
Mixed ore storage yard test area project in the southern area of Qitai operation area of Lianyungang District (連雲港區旗台作業區南區混礦堆場試驗區工程)	November 2021	32.52
Xinweigang company logistics construction project (新圩港公司物流建築工程)	August 2021	121.03
Ganyu Port District No. 4 to No. 6 Bulk Cargo Berth Project (贛榆港區4號至6號散貨泊位工程)	December 2020	19,960.00
Ganyu Port District 6# Liquid Bulk Berth Project (贛榆港區6#液體散貨泊位工程)	July 2020	465.67
Ganyu Port District Belt Conveyor Foundation Project — Breakwater Root Widening and Reconstruction Project (贛榆港區皮帶機基礎工程 — 防波堤根部拓寬改造工程)	June 2021	48.78
Guangdong Province Zhapo Modern Fishing Port Construction Project (Third Bid Section) Breakwater Expansion and Other Ancillary Facilities Project (廣東省開坡現代漁港建設項目(第三標段)防波堤擴建及其它附屬設施工程)	August 2018	<u>80.13</u>
Total		<u><u>2,949.86</u></u>

Projects in Pipeline

As at 31 December 2021, the Group has seven key construction engineering projects which are in pipeline, with an aggregate contractual investment amount of RMB2,716.25 million. The following table sets out particulars of these key projects:

<u>Project Description</u>	<u>Total Contractual Investment Amount</u> (RMB in million)
Rear storage yard project of No. 5–6 bulk cargo berth in Ganyu Port District of Lianyungang Port (連雲港港贛榆港區5–6號散貨泊位後方堆場工程)	232.80
Ganyu Port District Shugang Road Phase I Project (贛榆港區疏港道路一期工程)	339.65
Ganyu Port District East Breakwater Pipe Rack Extension Project (贛榆港區東防波堤管廊架延伸工程)	204.80
Ganyu Port District 110KV Substation Project (贛榆港區110KV變電站工程)	65.00
Lianyungang International Grain Distribution Centre Phase I Project (連雲港國際糧食集散中心一期工程)	954.00
300,000-tonne crude oil terminal project in Xuwei Port District of Lianyungang Port (連雲港港徐圩港區30萬噸級原油碼頭工程)	820.00
Qitai Flood Ditch (旗台排洪溝)	<u>100.00</u>
Total	<u>2,716.25</u>

Backlog

Backlog represents the Group's estimate of the contract value of projects that remains to be completed as at a certain date. The contract value of a project represents the amount that the Group expects to receive under the terms of the contract as at a certain date if the contract is performed. Backlog is not a measure defined by generally accepted accounting principles, and the Group's methodology for determining backlog may not be comparable to the methodology used by other companies in determining backlog. Backlog may not be indicative of future operating results. Many contracts do not provide for a fixed amount of work to be performed, and are subject to modification or termination by the customer.

The table below sets forth the total contract value, contract value of work completed and backlog for the periods indicated:

	<u>For the year ended 31 December</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in billion)		
Total contract value	2.26	2.17	2.13
Completed contract value	1.23	1.83	1.82
Backlog	1.03	0.33	0.31

Other Ancillary Businesses

In addition to the three primary business segments, the Group also engages in various other ancillary businesses. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income generated from its other ancillary businesses amounted to RMB911.22 million, RMB822.20 million, and RMB873.13 million, respectively, representing 7.01 per cent., 5.97 per cent. and 5.95 per cent., respectively, of the Group's total operating income for the same periods. For the same periods, the Group's gross profits generated from its other ancillary businesses amounted to RMB334.37 million, RMB241.14 million and RMB230.37 million, respectively, representing 26.19 per cent., 17.46 per cent. and 12.96 per cent., respectively, of the Group's total gross profits for the same periods.

The table below sets forth the breakdown of the Group's operating income generated from its ancillary businesses by key ancillary business and percentage out of its operating income generated from all other ancillary businesses for the indicated periods:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in million)	(%)	(RMB in million)	(%)	(RMB in million)	(%)
Other Ancillary Businesses						
Leasing of ships	50.26	5.52	45.91	5.58	20.82	2.38
Leasing of other assets	97.19	10.67	73.62	8.95	84.49	9.68
Goods management services	34.65	3.80	38.41	4.67	42.19	4.83
Agency business	407.07	44.67	470.77	57.26	513.14	58.77
Real Estate	220.40	24.19	71.00	8.64	75.97	8.70
Communications	33.20	3.64	32.85	4.00	58.53	6.70
Supplies	8.21	0.90	9.81	1.19	31.02	3.55
Others	60.23	6.61	79.83	9.71	46.97	5.38
Total	911.21	100.00	822.20	100.00	873.13	100.00

COMPETITION

China has formed five coastal port groups, namely the Bohai Economic Circle port group, Yangtze River Delta economic circle port group of which Lianyungang Port is part of, Pearl River Delta economic port group, Southeast coastal port group and the Southwest coastal port group. The Group faces intense competition in terms of infrastructure, price, and soft environment construction from certain ports in the Yangtze River Delta economic circle port group and other coastal port groups in addition to ports in Japan, South Korea and Southeast Asia. To achieve higher profit margins, ports must expand in scale while minimising cost, and, to that end, ports have upgraded their infrastructure as their top priority. The Group also faces a price war with other ports, comprising of pressure from major shipping companies and cargo owners to lower handling fees, pilotage fees, towage fees, external handling charges as well as port loading and unloading fees.

The Group has identified certain features of its ports which it deems to be the new focal point of competition with other ports. These features include the ability to expand its onshore hinterland to surrounding areas, deep-water berths, its professional port services and its integrated logistics services.

A port's success and development depends on its hinterland, which is affected by spatial accessibility. If there is insufficient spatial accessibility, Lianyungang Port may lose its existing hinterland. The increasing size of container ships poses a challenge, while at the same time that provides

new opportunities to develop Lianyungang Port's inland transport network. Shipping companies and mariners are likely to choose shipping ports based on spatial accessibility comprising of frequency of distribution, time required for the journey and the full cost of transport.

The development of multimodal transport systems has greatly increased inland accessibility of ports, and increased the ports' scope of services. Therefore, the Group believes that investment in multimodal container transport systems is an effective way to develop Lianyungang Port's hinterland. Lianyungang Port competes primarily in the central and western areas of China's Yangtze River Delta area. The degree of connection between Lianyungang Port and these areas has become increasingly important in light of the competition facing Lianyungang Port. Lianyungang Port intends to focus on building more intermodal transport systems between the aforementioned areas, including building sea-rail, sea-public, sea-sea and other intermodal transport systems to expand the scope of its hinterland.

ENVIRONMENTAL MATTERS

The Group is subject to national and local environmental protection laws and regulations in the PRC. Under current PRC environmental laws, if the PRC government finds the Group's operations to be in violation of applicable PRC environmental protection laws or regulations, the Group will be given a warning, fined and/or given a period of time to remedy the violation. If the Group fails to do so, the PRC government may force a temporary closure of its operations until it has complied with the relevant regulations.

The Group has implemented measures to comply with the relevant environmental laws and regulations, carried out environmental impact assessments and engineering environmental supervision, and has implemented environmental protection measures set out in environmental impact assessment reports. The Group has also included environmental protection within the work scope of each business unit, set up an environmental protection network, employed the necessary part-time environment protection management staff and listed environmental protection as an assessment item in the yearly performance review of its business units.

EMPLOYEES

As at 31 December 2021, the Group had 13,137 employees, including 7,586 permanent employees and 5,551 contract labours. The Group has established workers' unions committed to protecting employees' rights and welfare benefits, organise educational programmes, encourage employee participation in management decisions and mediate disputes between individual employees and the Group. All employees are union members. The Group has not experienced any strikes or other labour disturbances that have interfered with its operations, and the Group believes that it maintains good relationships with its employees.

In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The contribution amount is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund in accordance with applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

SAFETY AND RISK MANAGEMENT

The Group has established a sound risk management mechanism to ensure compliance with regulatory requirements and to implement various risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including budget management, working capital management, subcontractor management, remuneration, occupational safety, management of subsidiaries, connected transactions and implementation of internal control measures. Each level and department of the Group is kept well-informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group manage its business in a disciplined manner.

The Group has implemented measures to comply with the city and province safety requirements and regulations, and organised and deployed a variety of safety inspections and other supervisory actions. The Group has established a two-tier rescue system, comprising 65 professional rescue and public safety staff equipped with eight fire engines, and nearly 2,800 part-time rescue workers who may be activated in times of emergency. These part-time rescue workers are equipped with air respirators, gas detectors, protective clothing, communication devices, rescue vehicles, repair vehicles and electricity generators. The emergency equipment is subject to regular inspection and maintenance, and staff routinely participate in emergency drills.

The Group is also subject to routine inspection by the safety and fire departments. The Group's safety department, Lianyungang's public security department, fire brigade and specially appointed chemical experts have conducted comprehensive inspections of the port's dangerous goods terminal, reservoir area, dangerous goods area, gas stations and LNG filling stations, and the Group has enhanced the port's safety measures and procedures based on the findings of such inspections.

INSURANCE

The Group is covered by insurance policies which cover losses caused by fire, flood, riot, strike and malicious damage. The Group believes that its properties are covered by adequate insurance provided by reputable independent insurance companies in the relevant jurisdictions and with commercially reasonable deductibles and limits on coverage, which are normal for the type and location of the assets and properties to which they relate. Notwithstanding such insurance coverage, damage to the Group's buildings, facilities, equipment or other property as a result of occurrences such as fire, flood, water damage, explosion, power loss, typhoon and other natural disasters or terrorism, or any decline in the Group's business as a result of any threat of war, outbreak of disease or epidemic, may potentially have a material adverse effect on the Group's financial position and operating results.

LEGAL COMPLIANCE

The Group is required to obtain and maintain valid permits, licences and certificates from various governmental authorities to conduct the Group's businesses. As at the date of this Offering Circular, the Group has obtained and maintained all the permits, licences and certificates material to its operations.

The Group may from time to time be involved in legal proceedings arising in the ordinary course of its business, including as plaintiff or defendant in litigation or arbitration proceedings. To the best of its knowledge, and after due enquiry, no member of the Group is aware of any current or pending litigation or arbitration proceedings against the Group or any of its senior management team members that could have a material adverse effect on its business, financial condition and results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographies of the Guarantor's directors, supervisors and senior management as at the date of this Offering Circular are as follows:

Name	Age	Position
DIRECTORS⁽¹⁾		
Mr. Ding Rui (丁銳)	56	Chairman of the Board of Directors, Secretary of the Party Committee
Ms. Chen Guangping (陳光平)	59	Employee Director
Mr. Zhang Yongbo (張永波)	52	Director
Mr. Shang Rui (尚銳)	48	Director
SUPERVISORS		
Mr. Yao Baoju (姚保舉)	52	Chairman of the Supervisory Board
Ms. Nan Lan (南嵐)	48	Supervisor
Mr. Gan Aimin (甘愛民)	55	Employee Supervisor
SENIOR MANAGEMENT⁽²⁾		
Ms. Chen Guangping (陳光平)	59	Union President, Deputy Secretary of the Party Committee
Mr. Zhang Yongbo (張永波)	52	Vice President
Mr. Sun Zhonghua (孫中華)	53	Vice President
Mr. Zhang Ziyang (張子揚)	59	Vice President
Mr. Wang Xinwen (王新文)	53	Vice President
Mr. Shang Rui (尚銳)	48	Chief Accountant
Mr. Sun Longhua (孫龍華)	44	Secretary of Commission for Discipline Inspection

Notes:

- (1) According to the Guarantor's articles of association, the Guarantor's Board of Directors comprises five Directors. As at the date of this Offering Circular, the Guarantor has four Directors, with one Director not yet appointed. To the Guarantor's best knowledge, the shortfall of one Director on the Board of Directors would not affect the exercise of power by the Board of Directors.
- (2) The position of the Guarantor's President is currently vacant.

DIRECTORS

Mr. DING Rui, aged 56, is the Chairman of the Board of Directors and the Secretary of the Party Committee of the Guarantor. Mr. Ding joined the Communist Party of China upon graduation in July 1987. From July 1987 to September 1988, Mr. Ding served as a Clerk in the Government of Xiaoyi Town, Guanyun County. From September 1988 to April 1991, Mr. Ding served as a Clerk in the Department of Agriculture and Industry and the Department of Organisation under the Guanyun County Committee. From May 2005 to April 2006, Mr. Ding served as the Deputy Director and a member of the Party Committee of the Bureau of Personnel of Lianyungang, as well as the Deputy Director of the Office of Government Set-up Committee of Lianyungang. From April 2006 to January 2010, Mr. Ding served as the Director and the Secretary of the Party Committee of the Bureau of Agriculture Mechanical Management. From January 2010 to February 2013, Mr. Ding served as the Deputy Secretary-general of Lianyungang Municipal Government. From April 2013 to July 2014, Mr. Ding served as the Director and the Secretary of the Party Committee of the Bureau of Water Resources of Lianyungang. From July 2014 to July 2015, Mr. Ding served as a member of the Party Working Committee in the Yuntai Mountain Scenic Resort of Jiangsu Province. From July 2015 to August 2015,

Mr. Ding served as the Head of the Planning Team of Lianyungang Port Group Holdings. Since August 2015, Mr. Ding has served as the Chairman of the Board and the Secretary of the Party Committee of Lianyungang Port Group Holdings. Mr. Ding has served as the Chairman of the Board and the Secretary of the Party Committee of the Guarantor since September 2015. Mr. Ding holds a bachelor's degree.

Ms. CHEN Guangping, aged 59, is the Employee Director, Union President and Deputy Secretary of the Party Committee of the Guarantor. She started her career in August 1983 and joined the Communist Party of China in January 1987. From August 1983 to February 1992, Ms. Chen served as a Clerk in the Planning and Statistics Division under the Port Authority of Lianyungang. From February 1992 to August 2000, Ms. Chen served as the Deputy Director of the Planning and Statistics Division under the Port Authority of Lianyungang. From August 2000 to November 2003, Ms. Chen served as the Director of the Planning and Statistics Division, the Director of the Key Projects Office and the Director of the Investment Promotion Office. From November 2003 to August 2015, Ms. Chen served as the Vice President and the Member of the Party Committee of the Group. Since August 2015, Ms. Chen has served as the General Economist of the Guarantor since September 2015 and is currently the Employee Director, Union President and Vice Secretary of the Party Committee of the Guarantor. Ms. Chen holds a bachelor's degree.

Mr. ZHANG Yongbo, aged 52, is a Director, a Vice President and a member of the Party Committee of the Guarantor. He started his career in July 1991 and joined the Communist Party of China in December 1992. From July 1993 to July 1996, Mr. Zhang served as the Secretary of the Party Committee of the Mazhan Town Government under Ganyu County. From July 1996 to November 1997, Mr. Zhang served as the Organisation Member of the Party Committee of the Mazhan Town Government under Ganyu County. From November 1997 to August 1998, Mr. Zhang served as the Deputy Secretary of the Youth League Committee of Ganyu County. From August 1998 to December 1999, Mr. Zhang served as the Deputy Secretary of the Youth League Committee of Ganyu County. From December 1999 to August 2000, Mr. Zhang served as the Secretary of the Youth League Committee of Ganyu County. From August 2000 to December 2001, Mr. Zhang served as the Deputy Secretary of the Party Committee of Zhewang Town, Ganyu County. From December 2001 to February 2006, Mr. Zhang served as the Secretary of the Party Committee of Zhewang Town, Ganyu County. From February 2006 to June 2006, Mr. Zhang served as the Secretary of the Party Committee of Zhewang Town, Ganyu County, the Director of the Management Committee under the Zhewanglingang Industrial Zone and the Chairman of the Board and the General Manager of the Jiangsu Zhewanglingang Construction and Development Co., Ltd. From June 2006 to January 2014, Mr. Zhang served as the Deputy Chief Executive of Ganyu County Government. From January 2014 to July 2014, Mr. Zhang served as a Standing Member of the Party Committee and the Deputy Chief Executive of Ganyu County Government. From July 2014 to July 2015, Mr. Zhang served as a Standing Member of the Party Committee and the Deputy Chief Executive of Ganyu District Government. From July 2015 to August 2015, Mr. Zhang served as a Standing Member of the Party Committee and the Deputy Chief Executive of Ganyu District Government and also the Deputy Head of the Planning Team of Lianyungang Port Group Holdings. Since August 2015, Mr. Zhang has served as the Member of the Party Committee and the Vice President of Lianyungang Port Group Holdings. Mr. Zhang has served as a Member of the Party Committee and a Vice President of the Guarantor since September 2015 and Director of the Guarantor since January 2021. Mr. Zhang holds a bachelor's degree.

Mr. SHANG Rui, aged 48, is the Chief Accountant of the Guarantor and an auditor. Mr. Shang started his career in October 1993 and joined the Communist Party in June 2000. From October 1993 to November 2000, Mr. Shang served as a Clerk in the Agriculture Section under the Finance Bureau of Lianyungang, during which, from March 1994 to January 1995, Mr. Shang was appointed to serve alleviate poverty in Banpu Town, Guanyun County. From November 2000 to December 2004, Mr. Shang served as a Clerk in the Budget and Finance Audit Division under the Audit Bureau of Lianyungang. From December 2004 to December 2008, Mr. Shang served as the deputy head of the

Budget and Finance Audit Division of the Audit Bureau of Lianyungang. From December 2008 to December 2010, Mr. Shang served as the Director of the Budget and Finance Audit Division under the Audit Bureau of Lianyungang, during which, from April 2009 to April 2010, Mr. Shang took a temporary position as the Deputy Director of the Investigation Division under the Letters and Calls Bureau of Lianyungang. From December 2010 to September 2015, Mr. Shang served as the Director of the Regulations Division and the Audit and Inspection Division, under the Audit Bureau of Lianyungang. Mr. Shang has served as the Chief Accountant and a Member of the Party Committee of The Guarantor and Lianyungang Port Group Holdings since 2015 and a Director of the Guarantor since January 2021. Mr. Shang holds a master's degree.

SUPERVISORS

Mr. YAO Baoju, aged 52, is the Chairman of the Supervisory Board of the Guarantor and an accountant. From July 1991 to March 2001, Mr. Yao served as a Clerk in the Finance Department of the No.3 Port Company under the Port Authority of Lianyungang. From March 2001 to January 2008, Mr. Yao served as the Chief Accountant of the Finance and Accounting Department. From January 2008 to May 2009, Mr. Yao served as the Manager of the Finance and Planning Department of the Group, Taidong Branch. From May 2009 to March 2014, Mr. Yao served as the deputy head of the Audit Department of the Group. Since March 2017, Mr. Yao has been the General Manager of Financial Management Department of Lianyungang Port Group Holdings. Mr. Yao has served as a Supervisor of the Guarantor since December 2015 and has become the Guarantor's Chairman of the Supervisory Board in February 2020. Mr. Yao holds a bachelor's degree.

Ms. NAN Lan, aged 48, is a supervisor of the Guarantor. Ms. Nan successively served as a member of the Collection Management Section of Lianyungang Local Taxation Bureau, a Director, Assistant of Minister and Deputy Minister of the Investment Management Department of the Group and the General Manager of the Information Management Department of Lianyungang Port Group Holdings. Ms. Nan has also served as Assistant of Minister and Deputy Minister of the Comprehensive Information Department of Jiangsu Port Group Co., Ltd. After that, Ms. Nan became the Deputy Chief Economist of Lianyungang Port Group Holdings. Ms. Nan has become a Supervisor of the Guarantor in January 2021. She is currently also the General Manager of the Strategic Investment Department and Minister of Port and Shipping Development Department of Lianyungang Port Group Holdings, and the Secretary of the Party Branch of Jiangsu Lanbao Planet Technology Co., Ltd. Ms. Nan holds a doctor's degree.

Mr. GAN Aimin, aged 55, is the Employee Supervisor of the Guarantor. Mr. Gan has successively served as a lathe, worker, dispatcher, standardizer, planner and the Deputy Chief of General Affairs Section in the metalworking workshop of the machine repair team of Lianyungang Port Authority No. 1 Company. He also successively served as the Deputy Chief of the Administrative Section, Labor and Management Section and Education Section and the Chief of the Education Section of Lianyungang Port Authority Donglian Company. After that, he successively served as the Manager of General Affairs Department and the Assistant of the General Manager of Jiangsu Xinsu Port Investment Company. He later served as the Secretary of the Party General Branch, a Deputy General Manager and the Union President of Lianyungang Xinsu Port Ore Terminal Co., Ltd. He had also served as the Deputy Secretary and a Member of the Party Committee and the Secretary of the Committee for Discipline Inspection of Jiangsu Lianyungang Port Co., Ltd. Donglian Port Branch. Mr. Gan also served as the Deputy Secretary of the Party Committee and the Union President of Jiangsu Lianyungang Port Co., Ltd., Dongyuan Port Branch. Since December 2016, he has served as the Deputy Secretary of the Committee for Discipline Inspection and the General Manager of the Minister of Supervision and Capital Department of Lianyungang Port Group Holdings. Ms. Gan has served as the Employee Supervisor of the Guarantor since February 2020. Mr. Gan holds a bachelor's degree.

SENIOR MANAGEMENT

For the biographies of Ms. Chen Guangping, Mr. Zhang Yongbo and Mr. Shang Rui, please see the subsection headed “*Directors*”.

Mr. SUN Zhonghua, aged 53, is a Vice President of the Guarantor. He started his career in August 1989 and joined the Communist Party in June 1992. From August 1989 to August 1992, Mr. Sun served as a teacher and the Secretary of the Youth League Committee of Anfeng Middle School in Donghai County. From October 1994 to November 1995, Mr. Sun served as an Organization Clerk in the Party Committee of Fangshan Town, Donghai County. From November 1995 to December 1999, Mr. Sun served as the Deputy Chief Executive of Shuangdian Town Government, Donghai County. From December 1999 to February 2003, Mr. Sun served as the Deputy Chief Executive of Shilianghe Town Government, Donghai County. From February 2003 to August 2003, Mr. Sun served as the Deputy Secretary of the Party Committee of the Anfeng Town, Donghai County. From August 2003 to February 2006, Mr. Sun served as the Deputy Secretary of the Party Committee and the Chief Executive of Baita Town Government, Donghai County. From February 2006 to January 2008, Mr. Sun served as the Secretary of the Party Committee and the Chairman of the People’s Congress of Baita Town, Donghai County. From January 2008 to July 2009, Mr. Sun served as the Secretary of the Party Committee and the Chairman of the People’s Congress of Niushan Town, Donghai County. From July 2009 to August 2011, Mr. Sun served as the Deputy Director of the Water Resources Bureau and a Member of the Party Group of Lianyungang. From August 2011 to August 2013, Mr. Sun served as the Deputy Director of the Water Resources Bureau and a Member of the Party Group of Lianyungang and took a temporary post of the Deputy Director of the Management Committee under Xuwei New District of Lianyungang and the Management Committee under the High-Tech Industry Development Zone of Lianyungang. From August 2013 to July 2015, Mr. Sun served as the Deputy Director of the Management Committee and a Member of the Party Working Committee of the National East — West Regional Cooperation Demonstration Zone. From July 2015 to August 2015, Mr. Sun served as the Deputy Director of the Management Committee and a Member of the Party Working Committee of National East — West Regional Cooperation Demonstration Zone and the Deputy Head of the Planning Team of Lianyungang Port Group Holdings. Since September 2015, Mr. Sun has served as a Vice President and a Member of the Party Committee of The Guarantor and Lianyungang Port Group Holdings. Mr. Sun holds a master’s degree.

Mr. ZHANG Ziyang, aged 59, is a Vice President of the Guarantor. Mr. Zhang started his career in July 1985 and joined the Communist Party in November 1989. From July 1985 to February 1987, Mr. Zhang served as a technician in the Electric Section of the Coal Company under the Port Authority of Lianyungang. From February 1987 to September 1990, Mr. Zhang served as the Deputy Secretary of the Youth League Committee of the Coal Company under the Port Authority of Lianyungang. From January 1990 to January 1996, Mr. Zhang served as the Deputy Secretary and the Secretary of the Youth League Committee of the Port Authority of Lianyungang. From January 1990 to May 2000, Mr. Zhang served as the Secretary of the Party Committee of the Container Company of Lianyungang. From May 2000 to May 2003, Mr. Zhang served as the Secretary of the Party Committee and the Manager of the Container Company of Lianyungang. From May 2003 to June 2005, Mr. Zhang served as the Deputy Chairman of the Labour Union of the Group. From June 2005 to February 2007, Mr. Zhang served as the Manager of the No.3 Company of the Group. From February 2007 to July 2009, Mr. Zhang served as the General Manager of SDIC Lianyungang Wharf Co., Ltd. (國投連雲港碼頭有限公司). From July 2009 to October 2009, Mr. Zhang served as the General Manager of Dongliang Port Co., Ltd. of Lianyungang. From October 2009 to April 2010, Mr. Zhang served as a Member of the Party Committee and the Vice President of the Group and also served as the General Manager of Dongliang Port Co., Ltd. of Lianyungang. From April 2010 to September 2015, Mr. Zhang served as a Member of the Party

Committee and the Vice President of the Group. Since 2015, Mr. Zhang has served as a Member of the Party Committee and a Vice President of The Guarantor and Lianyungang Port Group Holdings. Mr. Zhang holds a bachelor's degree and is a Senior Engineer and Senior Political Worker.

Mr. WANG Xinwen, aged 53, is a Vice President of the Guarantor. Mr. Wang started his career in July 1989 and joined the Communist Party in September 1997. From July 1989 to February 1995, Mr. Wang served as a Clerk in the Planning Section of the No.1 Company under the Port Authority of Lianyungang. From February 1995 to November 1996, Mr. Wang served as an Office Clerk of the No.1 Company under the Port Authority of Lianyungang. From November 1996 to November 1998, Mr. Wang served as the Deputy Chief of the Business Section of the No.1 Company under the Port Authority of Lianyungang. From November 1998 to November 1999, Mr. Wang served as the Chief of the Business Section of the No.1 Company under the Port Authority of Lianyungang. From November 1999 to January 2001, Mr. Wang served as the Secretary of the Party Branch and the Deputy Chief of the Goods and Business Section of Donglian Company under the Port Authority of Lianyungang. From January 2001 to November 2001, Mr. Wang served as the Assistant Director of the Operation Division under the Port Authority of Lianyungang. From November 2001 to February 2004, Mr. Wang served as the Deputy Director of the Operation Division under the Port Authority of Lianyungang. From February 2004 to January 2006, Mr. Wang served as the deputy head of the Production and Operation Department of the Group. From January 2006 to January 2007, Mr. Wang served as the head of the Production and Operation Department of the Group. From January 2007 to February 2007, Mr. Wang served as the Member of the Party Committee and the General Manager of the Jiangsu Lianyungang Port Co., Ltd., Taidong Branch. From February 2007 to November 2013, Mr. Wang served as the Vice-general Manager of Jiangsu Lianyungang Port Co., Ltd., and the Member of the Party Committee and the General Manager of Jiangsu Lianyungang Port Co., Ltd., Dongtai Branch. From November 2013 to September 2015, Mr. Wang served as the Member of the Party Committee and the Vice President of the Group. Since 2015, Mr. Wang has served as a Member of the Party Committee and a Vice President of The Guarantor and Lianyungang Port Group Holdings. Mr. Wang holds a bachelor's degree and is a Senior Programmer.

Mr. Sun Longhua, aged 44, is the Secretary of Commission for Discipline Inspection of the Guarantor. Mr. Sun joined the Communist Party of China in June 1997. He has successively served as a Clerk and organizational officer in Haizhou District Xinba Town Government, the Director of the Office of the Organization Department of the Haizhou District Party Committee, a Clerk, a Senior-level Discipline Inspector and the Deputy Director of the Second Division of Discipline Inspection and Supervision of the Municipal Commission for Discipline Inspection, and a First-class Chief Clerk and the Deputy Director of the Third Division of Discipline Inspection and Supervision of the Municipal Commission for Discipline Inspection. Mr. Sun is currently also a member of the Party Committee and the Secretary of Commission for Discipline Inspection of Lianyungang Port Group Holdings. Mr. Sun holds a bachelor's degree.

PRC LAWS AND REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The People's Procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

LAWS AND REGULATIONS FOR PORT OPERATIONS

Port operations

Enterprises engaged in the operation of ports and other port facilities, transportation services to port passengers, loading and unloading, lighterage, warehousing of goods, port tugboats and cargo handling services within the port areas, shall obtain the Business Licence for Port Operations from the bureau of transport or administrative authorities of ports in compliance with the Port Law and the Regulations for the Operations of Ports and complete the registration with the administrative bureaus for industry and commerce.

Operation of dangerous goods at ports

In addition to the requirements of port operations under the Regulations for the Operations of Ports, port operators engaged in the operation of dangerous goods at ports shall also comply with the Regulations on the Safety Management of Hazardous Goods at Ports (《港口危險貨物安全管理規定》) which took effect on 28 November 2019 to apply for the certification of the operation of dangerous goods at ports from the administrative authorities of ports and obtain the Permit for Handling Hazardous Goods at Ports (港口危險貨物作業附證).

Security of port facilities

In accordance with the Rules on Securities for Port Facilities of the People's Republic of China (《中華人民共和國港口設施保安規則》) which took effect on 1 March 2008 and was subsequently amended on 2 September 2016, 3 June 2019 and 28 November 2019, port operators providing securities services for passenger ships of international routes, cargo vessels of 500 metric tonnes or above, vessels for special use of 500 metric tonnes or above or mobile offshore drilling platform shall obtain the Statement of Compliance of a Port Facility (港口設施保安符合證書) from the provincial transport (port) administrative department.

Laws and regulations for port charges

In accordance with the Port Charge Rules (《港口收費計費辦法》), which took effect on 1 March 2016 and was subsequently amended on 12 July 2017 and 13 March 2019, all public ports in the PRC shall charge service fee pursuant to Port Charge Rules. In accordance with the Port Tariff on Containers of International Routes (《國際航線集裝箱港口收費辦法》), which took effect on 1 January 1992, port tariffs shall be imposed on containers of international routes entering and leaving the ports in China.

Laws and regulations for customs, import and export

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) which took effect on 1 July 2004 and was subsequently amended on 7 November 2016, the Rules for Filing and Registration Procedures of Foreign Trade Operators (《對外貿易經營者備案登記辦法》) which took effect on 1 July 2004 and was subsequently amended on 18 August 2016, the Notice of the Ministry of Commerce on the Relevant Issues about the Filing and Registration of Foreign Trade Operators (《商務部關於對外貿易經營者備案登記有關問題的通知》) issued by the Ministry of Commerce on 10 January 2008, and the Notice of the Ministry of Commerce on the Relevant Issues on Further Delegating the Filing and Registration of Foreign Trade Operators (《商務部關於進一步下放對外貿易經營者備案登記工作有關問題的通知》) issued by the Ministry of Commerce on 23 January 2009, enterprises engaged in the import and export of goods or technology shall complete the filing and registration procedures with the Ministry of Commerce or its authorized agencies and obtain the Foreign Trade Operator Registration Certificates (對外貿易經營者備案登記表).

In accordance with the Provisions of the Customs of the People's Republic of China on the Administration of Registration of Custom Declaration Entities (《中華人民共和國海關報關單位註冊登記管理規定》) which took effect on 13 March 2014 and was subsequently amended on 20 December 2017 and 29 May 2018, customs declaration entities shall register at the local customs office, and obtain the Registration Certificate of the Customs of the People's Republic of China for Customs Declaration Entities (中華人民共和國海關報關單位註冊登記證書).

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the "Notice of PBOC Concerning Further Reform of the Foreign Currency Control System", effective from 1 January 1994. The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the "Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange" (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-US dollars exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-US dollars in the interbank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated the "Regulations for the Control of Foreign Exchange of the PRC" ("**Control of Foreign Exchange Regulations**") which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Control of Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and

came into effect on 5 August 2008 (the “**New Forex Regulation**”). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, PBOC promulgated the “Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange” (the “**Settlement Regulations**”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange after the verification of the *bona fide* nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, PBOC and SAFE promulgated the “Notice Concerning the Discontinuance of Foreign Exchange Swap Business” pursuant to which and with effect from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollars only. PBOC will announce the closing price of a foreign currency such as the US dollars traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore return/round-trip investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice of the SAFE on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (“**Circular 37**”), which became effective at the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, “special purpose company” refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident

individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland resident can make contribution to a special purpose company with legitimate holdings of domestic or overseas assets or interests, and a mainland enterprise directly or indirectly controlled by a Mainland resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and, a mainland resident may, on the basis of real and reasonable needs, purchase foreign exchanges to remit funds overseas for the establishment, share repurchase, delisting, etc. of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 30 March 2015, SAFE issued the Notice of the SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (“**Circular 19**”), which became effective from 1 June 2015. Notice of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises (“**Circular 142**”) and its supplementary notice (“**Circular 88**”) have been replaced by Circular 19. On 9 June 2016, SAFE issued the Circular on Reform and Regulating of the Administrative Policy of the Settlement under Capital Accounts (“**Circular 16**”), which became effective on the same date. Under Circular 19 and Circular 16, Foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, PBOC, the PRC Ministry of Finance, MOFCOM, the General Administration of Customs, the SAT and the CBRC jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade, under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi. PBOC, the PRC Ministry of Finance, MOFCOM, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 27 July 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

On 2 May 2012, the NDRC promulgated the Notice of the National Development and Reform Commission on Issues Concerning the Issuance of RMB-denominated Bonds by Mainland Non-financial Institutions in the Hong Kong Special Administration Region, according to which, the foreign debts incurred by a non-financial institution in mainland China for issuing RMB-denominated bonds in Hong Kong shall be subject to the registration of foreign debts, the repayment of principal interest, and other relevant procedures pursuant to the prevailing provisions on foreign debt management.

REGULATIONS REGARDING OVERSEAS INVESTMENT AND ACQUISITION ACTIVITIES

NDRC supervision

According to the “Measures for the Administration of Approval and Filing of Overseas Investment Projects” effective from 8 May 2014 and further amended on 27 December 2014, and replacing “Interim Measures for the Administration of Verification and Approval of Overseas Investment Projects”, the approval administration and filing administration shall be respectively applied to different overseas investment projects. Specifically, if the project is related to the sensitive countries, areas or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC, in which, if the amount of the investment made by the Chinese party is U.S.\$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for the approval. Other than the projects specified above, the other projects shall be subject to the filing administration. Specifically, overseas investment projects carried out by enterprises under central management, and those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to the record-filing by NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the record-filing by competent investment departments of the provincial government.

According to the “Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects”, the “Circular of NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities” terminated.

Investment projects to be carried out in Hong Kong and/or the Macao Special Administrative Region shall be governed by the “Measures for the Administration of Approval and Filing of Overseas Investment Projects”.

MOFCOM SUPERVISION

MOFCOM issued the new version of the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the “**New Overseas Investment Rules**”). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after soliciting written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a Central Enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise’s application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working

days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a Central Enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form.

The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of “China” (“中國” or “中華”) in its name, unless otherwise approved.

Foreign exchange administration

According to the “Circular of the SAFE on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions”, corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau. The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

On 13 February 2015, the SAFE promulgated Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the “**2015 SAFE Circular**”), which became effective on 1 June 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business, improve the administration efficiency. The 2015 SAFE

Circular set forth the following reformation: (i) cancel the Administrative Examination and Approval Procedures relating to the Foreign Exchange Registration Approval under Domestic Direct Investment and the Foreign Exchange Registration Approval under Overseas Direct Investment; (ii) cancel the confirmation and registration of foreign investors' non-monetary contribution and the confirmation and registration of foreign investors' contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors' monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

The 2015 SAFE Circular has been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulation will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

State-owned assets supervision

The “Interim Measures for Administration of Overseas State-owned Properties” applies to overseas investment made by domestic entities with state-owned properties. The domestic investor shall complete property right registration of overseas state-owned properties with SASAC for such investment and shall retain a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or value subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval.

Environmental Protection Laws

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warning, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standard, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against officer-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other environmental protection laws applicable to the Group include the “Regulations of Environmental Management on Project”, the “Regulations of Environmental Protection Acceptance Inspection on Projects Completion” and the Environmental Impact Evaluation Law of the PRC.

CROSS-BORDER SECURITY LAWS

NDRC Circular 2044

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號), the “**NDRC Circular**”), which came into effect on the same date. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement. Although the Guarantor obtained the pre-issuance registration certificate in respect of the offering of the Bonds from NDRC on 26 April 2019, if NDRC finds the Guarantor to be guilty of maliciously obtaining quota of foreign debts or providing false information, NDRC may blacklist or publish on the national credit information platform a bad credit record against the Guarantor, or even punish the Guarantor with other related authorities. In the worst case scenario, it might become unlawful for the Guarantor to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 13 of the Terms and Conditions. Similarly, there is no clarity on the legal consequences of non-compliance with the Post-issuance Filing under the NDRC Circular. The Guarantor has undertaken to notify NDRC of the particulars of the issue of the Bonds within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date.

Cross-Border Guarantee Laws

On 12 May 2014, the SAFE promulgated the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) and its implementation guidelines (collectively, the “**Circular 29**”), which came into force on 1 June 2014. Circular 29 classifies cross-border guarantee into three types:

- Nei Bao Wai Dai (內保外貸) (the “**NBWD**”): a guarantee provided by an onshore guarantee provider for a debt owing by an offshore debtor to an offshore creditor.
- Wai Bao Nei Dai (外保內貸) (the “**WBND**”): a guarantee provided by an offshore guarantee provider for a debt owing by an onshore debtor to an onshore creditor.
- Other Types of Cross-border Guarantee (其他形式跨境擔保): any cross-border guarantee other than NBWD and WBND.

In respect of NBWD, in case where the onshore guarantee provider is a non-bank financial institution, it shall conduct a registration of the relevant guarantee with SAFE within 15 business days after the execution of relevant guarantee contract. In the event of any changes to the major clauses of the relevant guarantee contract, such onshore guarantee provider shall conduct a change registration for the relevant guarantee.

Pursuant to the Circular 29, the funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. Pursuant to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (the “**SAFE Circular 3**”) issued by SAFE in January 2017, the funds from overseas loans under the NBWD are allowed to be repatriated into the PRC for domestic use; the debtors can repatriate, directly or indirectly, the funds under the NBWD for domestic use through issuing loans to or equity

participation in domestic institutions. Further, according to the Policy Q&As (Issue II) on the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》政策實務解答(二)) (the “SAFE Q&A”), in case where the offshore debtor transfers the funds borrowed offshore by means of foreign loans onshore, the onshore borrower shall meet the relevant requirements for foreign debt administration and control the scale of funds repatriated according to the relevant requirements of the mode of macro-prudential management of full-covered cross-border financing or the mode required under the Administration Measures for Registration of Foreign Debts (《外債登記管理辦法》). In case where the offshore debtor transfers the funds by means of equity investment onshore, it shall meet the requirements from the competent authorities in the area of foreign direct investment.

Pursuant to the Circular 29, upon the enforcement of NBWD, the onshore guarantee provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer’s equity shares must be held directly or indirectly by the onshore security provider. Moreover, the proceeds from any such offshore bond issuance must be applied towards such offshore investment project(s) with equity connections from the onshore security provider, and relevant offshore institutions/projects have obtained the approval, registration, filing or confirmation from the competent authorities pursuant to PRC laws.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities. The Guarantor’s obligations in respect of the Securities are contained in the relevant Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under Circular 29, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the local branch of SAFE for registration within 15 business days after its execution. The SAFE registration is a post-signing registration requirement.

Pursuant to the Circular 29, the local branch of SAFE will go through a procedural review (as opposed to a substantive examination process) of the Guarantor’s application for registration. Upon completion of the review, the local branch of SAFE will issue a registration document evidencing the completion of the registration by the Guarantor.

Under Circular 29:

- the non-registration of NBWD with the local branch of SAFE will not impact the validity of the security under PRC laws, although SAFE may impose penalties on the Guarantor if submission for registration is not carried out within the stipulated time frame of 15 business days; and
- there may be hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Deed of Guarantee in respect of the Securities) as domestic banks require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Deed of Guarantee in respect of the Securities.

Given that SAFE Circular 3 and SAFE Q&A are newly promulgated, it is unclear as to:

- i. whether the existing requirements on offshore debt secured by cross-border security remain applicable, under which bond proceeds must be used for the offshore project(s) in which the relevant onshore entity holds equity interest, and thus cannot be repatriated to the PRC;
- ii. whether, even though the bond proceeds are allowed to be repatriated to the PRC, such proceeds shall still be used for an offshore project ultimately (such as by way of the onshore entity's grant of shareholder loans to the offshore project or injection of capital into the offshore project); and
- iii. whether, as a matter of practice, SAFE no longer enforces its existing requirements on offshore debt secured by cross-border security, and **provided that** the outbound guarantee registration is completed with SAFE, the bond proceeds can be repatriated to the PRC.

The Terms and Conditions of the Bonds provide for that the Guarantor will file or cause to be filed the Deed of Guarantee with SAFE within 15 PRC Business Days after the Issue Date in accordance with, and within the time period prescribed by, Circular 29 and use its best endeavor to complete the registration and obtain a registration Certificate from SAFE (or any other document evidencing completion of registration issued by SAFE) on or before the date following 150 calendar days after the Issue Date.

EXCHANGE RATE INFORMATION

PRC

The People's Bank of China (the "PBOC") sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3.0 per cent. of the published central parity of the U.S. dollar on that day, instead of 2.0 per cent. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three consecutive days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. During 2016, along with the progressive interest rate increased by the U.S. Federal Reserve, the Renminbi accumulatively depreciated by 7.2 per cent. against the U.S. dollar.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The following table sets forth the noon buying rates in Renminbi per U.S. dollar, as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

Period	Renminbi per U.S. Dollar Noon Buying Rate ⁽¹⁾			
	End	Average ⁽²⁾	High	Low
	(RMB per U.S.\$1.00)			
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April	6.6080	6.4310	6.6243	6.3590
May (through 27 May)	6.6980	6.7003	6.7880	6.6079

Notes:

- (1) Exchange rates between the Renminbi and the U.S. dollar represent the noon buying rates as set forth in the H. 10 statistical release of the Federal Reserve Board.
- (2) Annual averages are calculated from month-end rate. Monthly averages are calculated using the average of the daily rates during the relevant month.

TAXATION

The following summary of certain Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Bonds.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Bonds) or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- i. interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- ii. interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- iii. interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- iv. interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

PRC

The following summary describes the principal PRC tax consequences of ownership and disposition of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as (a) non-PRC Bondholders, or (b) beneficial owners who are entities or individuals located outside of the PRC in this “Taxation — PRC” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law which was amended on 29 December 2018 and took effect on the same date and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose “*de facto* management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provide that the “*de facto* management body” of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “*de facto* management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Bonds may be considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent. Further, in accordance with the Individual Income Tax Law of the PRC which was amended on 30 June 2011 and 31 August 2018, and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the

Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Bonds will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

In addition, given the fact that the Guarantor is a PRC tax resident enterprise for the purpose of the EIT Law and, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may be considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10 per cent. on such payments to non-PRC resident enterprise holders of the Bonds and 20 per cent. for non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realised by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by holders of the Bonds are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Bonds.

VAT

On 23 March 2016, MOF and SAT issued the Circular 36 which provides for that the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds may be regarded as financial services by holders of the Bonds and the payments of the interest and other interest like earnings under the Bonds received by a holder of the Bonds from the Guarantor may be subject to VAT at the rate of 6 per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee.

Where a holder of the Bonds who is an individual resells the Bonds, the VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a holder of the Bonds who is an entity located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply and the Issuer does not have the obligation to withhold the VAT. However, where a holder of the Bonds who is an entity resells the Bonds, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

The U.S. Internal Revenue Code of 1986 (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “**FATCA**”, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer or the Guarantor may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. However, if additional bonds (as described under “*Terms and Conditions of the Bonds — Further Issues*”) that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS related to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Share reform scheme cost

In 2004, PRC listed companies under state control started to implement share reform schemes by encouraging holders of publicly tradable shares to allow non-publicly tradable shares to convert into tradable shares. One of the common ways to achieve this purpose is to pay cash directly to the holders of publicly tradable shares. Under PRC GAAP, such a payment is capitalised as the cost of long-term equity investments, financial assets held for trading or available-for-sale financial assets, as appropriate.

Under IFRS, such a payment is not allowed to be capitalised and, accordingly, a GAAP difference may be noted.

Provision for future development fund and work safety cost

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds and work safety cost, which are presented as cost of expenses of the period and the amount that has been accrued, are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety reserve, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the abovementioned standards give rise to differences in deferred tax.

Reversal of an impairment loss

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related party disclosures

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

Fixed assets and intangible assets

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with China International Capital Corporation Hong Kong Securities Limited, Bank of China Limited, SPDB International Capital Limited, CNCB (Hong Kong) Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, CEB International Capital Corporation Limited, DBS Bank Ltd., CMB International Capital Limited, Oversea-Chinese Banking Corporation Limited and Guoyuan Securities Brokerage (Hong Kong) Limited (together, the “**Joint Lead Managers**”) dated on or about 9 June 2022 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below at the issue price of 100.0 per cent.:

<u>Joint Lead Managers</u>	<u>Principal amount of Bonds to be subscribed</u>
	(U.S.\$)
China International Capital Corporation Hong Kong Securities Limited	106,850,000
Bank of China Limited	18,750,000
SPDB International Capital Limited	20,200,000
CNCB (Hong Kong) Capital Limited	9,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	25,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	25,000,000
CEB International Capital Corporation Limited	30,000,000
DBS Bank Ltd	200,000
CMB International Capital Limited	2,000,000
Oversea-Chinese Banking Corporation Limited	10,000,000
Guoyuan Securities Brokerage (Hong Kong) Limited	<u>3,000,000</u>
 Total	 <u><u>250,000,000</u></u>

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the issue of the Bonds, each of the Joint Lead Managers appointed and acting in its capacity as stabilisation manager (the “**Stabilisation Manager**”) (or persons acting on its behalf) may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing so, such Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by such Stabilisation Manager.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and their respective

affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer or the Guarantor.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds and the Guarantee may not be offered and sold or delivered within the United States. Each Joint Lead Manager has represented, warranted and agreed that it will not offer, sell or deliver any Bonds or the Guarantee within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section

275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

The PRC

Each Joint Lead Manager has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the PRC.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 248044497 and ISIN XS2480444970.
2. **Legal Entity Identifier:** The Legal Entity Identifier (LEI) Code of the Issuer is 300300D8WPVL1SP9AS22.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by the resolutions of the board of directors of the Issuer on 15 February 2022. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The giving of the Guarantee was authorised by the resolutions of the board of directors of the Guarantor dated 18 September 2021.
4. **NDRC Registration:** Pursuant to the Circular 2044 promulgated by the NDRC on 14 September 2015 which came into effect on the same date, the Guarantor has registered the issuance of the Bonds with the NDRC and has obtained a certificate dated 17 February 2022 from the NDRC evidencing such registration which, as at the date of this Offering Circular, remains in full force and effect.
5. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial condition, prospects, properties, results of operations or business of the Issuer, the Guarantor or the Group since 31 December 2021.
6. **Litigation:** Except as disclosed in this Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor, as the case may be, believes are material in the context of the Bonds nor are the Issuer or the Guarantor aware that any such material proceedings are pending or threatened.
7. **Available Documents:** Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement, are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity satisfactory to the Principal Paying Agent at the specified office of the Principal Paying Agent (being at the date of issue of the Bonds at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong).
8. **Financial Statements:** This Offering Circular contains the Guarantor's audited consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021 which is derived from the Audited Financial Statements and have been audited by Suya Jincheng and included elsewhere in this Offering Circular. The Audited Financial Statements were prepared in accordance with PRC GAAP.

The Audited Financial Statements have been prepared in Chinese and in English. Only the English version of the Audited Financial Statements has been included in this Offering Circular. Should there be any inconsistency between the Chinese version and the English version of the Audited Financial Statements, the Chinese version of the Audited Financial Statements shall prevail. The Chinese version of the Audited Financial Statements are available at the following website: <https://www.shclearing.com/>. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any

person who controls any of them has independently verified or checked the accuracy of the English version of the Audited Financial Statements and can give no assurance that the information contained therein is accurate, truthful or complete.

9. **Listing:** Application will be made to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only, and such permission is expected to become effective on or about 17 June 2022.

INDEX TO THE FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of the Guarantor as at and for the year ended 31 December 2020

Auditor's Report	F-3
Consolidated Balance Sheet	F-5
Consolidated Income Statement	F-7
Consolidated Cash Flows Statement	F-8
Consolidated Statement of Changes in Shareholders' Equity	F-9
Balance Sheet	F-11
Income Statement	F-13
Cash Flows Statement	F-14
Statement of Changes in Shareholders' Equity	F-15
Notes to Financial Statements	F-17

Audited Consolidated Financial Statements of the Guarantor as at and for the year ended 31 December 2021

Auditor's Report	F-119
Consolidated Balance Sheet	F-121
Consolidated Income Statement	F-123
Consolidated Cash Flows Statement	F-124
Consolidated Statement of Changes in Shareholders' Equity	F-125
Balance Sheet	F-127
Income Statement	F-129
Cash Flows Statement	F-130
Statement of Changes in Shareholders' Equity	F-131
Notes to Financial Statements	F-133

Lianyungang Port Group Co., Ltd.

Auditor's Report

SYJCCPA (2021) AUDITING No.190

CPA Firm : Lianyungang branch, Suyajincheng Certified Public
Accountants LLP

Address: 7 Floor, Guotou Building,
Tongguan South Road,Lianyungang

Postcode: 222004

FAX: 0518-85484089

TEL: 0518-85414819



Suya Jincheng Certified Public Accountants LLP
7 Floor, Guotou Building,
Tongguan South Road 69#, Lianyungang, China
Tel: 86 518 85414819 Fax: 86 518 85484089

AUDITOR'S REPORT

To the shareholders of Directors of Lianyungang Port Group Co., Ltd.:

Opinion

We have audited the financial statements of Lianyungang Port Group Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31st December 2020, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises, present fairly the financial position of the company as at December 31st 2020 and its operating results and cash flow for the year then ended.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs") for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of professional ethics for Certified Public Accountants in China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 CSAs 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 CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Suya Jinchen Certified Public Accountants LLP
Lianyungang, China



Certified Public Accountant of China



Certified Public Accountant of China
Date: April 26, 2021



Lianyungang Port Group Co., Ltd.

Consolidated Balance Sheet

As at December 31, 2020

Monetary Unit: RMB

Assets	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Cash and cash equivalents	1	2,942,761,803.00	3,165,486,818.46
Financial assets measured at fair value through current profit or loss	2	11,031,850.00	5,699,550.00
Derivative financial assets			
Notes receivable	3	607,404,026.99	668,575,008.35
Accounts receivable	4	5,256,938,927.86	5,003,275,120.54
Prepayment	5	1,498,608,551.47	1,485,767,183.81
Other receivables	6	7,460,822,730.03	6,179,530,200.70
Inventories	7	2,448,748,223.88	1,298,380,559.07
Assets held for sale			
Non-current assets due within one year			
Other current assets	8	869,168,355.83	3,209,241,392.13
Total current assets		21,095,484,469.06	21,015,955,833.06
Non-current assets:			
Available-for-sale financial assets	9	100,816,666.55	47,288,476.13
Held-to-maturity investments			
Long-term receivables	10	352,611,986.04	325,503,020.96
Long-term equity investments	11	1,618,900,309.65	1,637,458,042.03
Investment property	12	799,574,233.53	822,171,859.13
Fixed assets	13	14,918,939,797.60	14,894,421,494.10
Construction in progress	14	18,045,579,447.31	17,824,916,508.70
Productive biological assets			
Oil and gas assets			
Intangible assets	15	3,097,436,705.46	3,696,411,916.85
Development expenditure			
Goodwill			
Long-term deferred expenses	16	180,643,358.71	87,673,265.76
Deferred tax assets	17	295,650,513.29	263,217,045.40
Other non-current assets	18	326,849,213.88	316,467,831.22
Total non-current assets		39,737,002,232.02	39,915,529,460.28
Total assets		60,832,486,701.08	60,931,485,293.34

Lianyungang Port Group Co., Ltd.

Consolidated Balance Sheet (Cont.)

As at December 31, 2020

Monetary Unit: RMB

Liabilities and owners' equity	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term loans	20	6,809,751,266.06	5,608,322,729.97
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payables	21	843,148,427.20	672,934,958.34
Accounts payables	22	1,494,813,181.64	1,549,152,717.77
Receipts in advance	23	329,783,124.63	399,426,630.80
Employee benefits payable	24	93,616,399.50	65,835,354.16
Taxes payable	25	100,437,547.41	164,265,464.98
Other payables	26	1,140,667,682.27	1,263,735,372.52
Liabilities held for sale			
Non-current liabilities due within one year	27	6,162,644,472.92	10,479,757,924.85
Other current liabilities	28	2,200,000,000.00	1,400,000,000.00
Total current liabilities		19,174,862,101.63	21,603,431,153.39
Non-current liabilities:			
Long-term loans	29	7,804,697,401.17	6,838,985,728.73
Bonds payable	30	14,813,931,035.83	14,273,675,126.26
Including: preferred stock			
sustainable debt			
Long-term payables	31	2,009,081,368.42	1,002,870,514.49
Provision	32	8,761,234.32	5,759,287.50
Deferred revenue	33	38,121,033.91	42,584,594.77
Deferred tax liabilities	17	5,630,259.43	7,628,974.90
Other non-current liabilities			
Total non-current liabilities		24,680,223,233.08	22,171,504,226.65
Total liabilities		43,855,085,334.71	43,774,935,380.04
Owners' equity (or shareholders' equity)			
Share capital	34	7,820,000,000.00	7,820,000,000.00
Other equity instruments	35	1,289,400,000.00	1,489,400,000.00
Including: preferred stock			
sustainable debt		1,289,400,000.00	1,489,400,000.00
Capital reserves	36	2,539,064,076.58	2,899,791,091.96
Less: Treasury shares			
Other comprehensive income	37	-64,846,544.87	-176,406,367.38
Special reserves	38	146,893.99	229,641.35
Surplus reserves	39	7,610,257.91	7,610,257.91
General risk preparedness	40	29,169,577.24	29,169,577.24
Undistributed profits	41	134,152,316.99	91,474,003.66
Total equity attributable to owners of the parent company		11,754,696,577.84	12,161,268,204.74
Non-controlling interests		5,222,704,788.53	4,995,281,708.56
Total owners' equity (or shareholders' equity)		16,977,401,366.37	17,156,549,913.30
Total liabilities and owners' equity		60,832,486,701.08	60,931,485,293.34

Lianyungang Port Group Co., Ltd.

Consolidated Income Statement

For the year ended December 31, 2020

Monetary Unit: RMB

Item	Note	2020 (Jan-Dec)	2019 (Jan-Dec)
1. Total operating income	42	13,772,259,175.10	13,002,998,266.04
Less: Operating costs	42	12,390,891,066.96	11,726,139,260.45
Taxes and surcharge	43	61,671,474.64	50,699,360.01
Selling and distribution expenses	44	4,803,204.29	5,691,553.64
Administrative expenses	45	980,055,496.74	1,032,632,158.32
Research and development expenses	46	16,323,348.36	23,783,045.94
Financial expenses	47	1,220,078,452.92	1,119,227,157.56
Including: interest expense		1,256,978,621.05	1,145,720,446.40
Interest income		92,980,495.71	86,942,710.77
Add: Other income	48	491,152,709.40	1,004,380,873.76
Investment income ("-" for losses)	49	743,995,490.16	151,362,995.16
Including: income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)	50	-5,739,250.00	-2,902,250.00
Impairment loss of assets	51	-98,066,937.36	-33,407,336.90
Gains from disposal of assets ("-" for losses)	52	-5,023,684.41	-11,720,030.62
2. Operating profits ("-" for losses)		224,754,458.98	152,539,981.52
Add: Non-operating income	53	32,232,800.43	39,221,927.56
Less: Non-operating expenses	54	15,966,527.90	4,882,011.57
3. Total profits before tax ("-" for total losses)		241,020,731.51	186,879,897.51
Less: Income tax expenses	55	112,200,841.69	115,835,315.17
4. Net profit ("-" for net loss)		128,819,889.82	71,044,582.34
Classification by operating continuity:			
Net profit from continuing operation ("-" for losses)		128,819,889.82	71,044,582.34
Net profit from discontinued operation ("-" for losses)			
Classification by owners:			
Attributable to owners of the parent company		57,678,313.33	50,671,572.46
Attributable to non-controlling interests		71,141,576.49	20,373,009.88
5. Net of income tax effect of other comprehensive income		111,551,815.20	-13,742,968.28
(1) Net of income tax effect of other comprehensive income attributable to owners of the parent company		11,559,822.51	-13,746,903.29
a. Other comprehensive income items which will not be reclassified subsequently to profit or loss			
Including: Changes as a result of remeasurement of the net defined benefit liability or asset			
Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss			
b. Other comprehensive income items which will be reclassified subsequently to profit or loss		111,559,822.51	-13,746,903.29
Including: Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		1,830,583.66	7,435,374.31
Gains or losses arising from changes in fair value of available-for-sale financial assets		-6,548,857.18	4,672,499.23
Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
The effective hedging portion of gains or losses arising from cash flow hedging instruments			
Translation differences arising on translation of foreign currency financial statements		116,278,096.03	-25,854,776.83
Others			
(2) Net of income tax effect of other comprehensive income attributable to non-controlling interests		-8,007.31	3,935.01
6. Total comprehensive income		240,371,705.02	57,301,614.06
Total comprehensive income attributable to owners of the parent company		169,238,135.84	36,924,669.17
Total comprehensive income attributable to non-controlling interests		71,133,569.18	20,376,944.89
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Lianyungang Port Group Co., Ltd. Consolidated Cash Flows Statement

For the year ended December 31, 2020

Monetary Unit: RMB

Item	Note	2020 (Jan-Dec)	2019 (Jan-Dec)
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		14,864,427,111.35	14,243,571,106.47
Refunds of taxes and surcharges		54,176,008.20	3,452,619.85
Cash received from other operating activities	56 (1)	908,505,966.72	1,393,824,623.32
Sub-total of cash inflows from operating activities		15,827,109,086.27	15,640,848,349.64
Cash paid for goods purchased and services received		12,072,624,813.03	11,941,689,824.30
Cash paid to and on behalf of employees		1,190,011,939.27	1,321,084,657.15
Cash paid for taxes and surcharges		454,623,186.42	527,763,301.60
Cash paid for other operating activities	56 (2)	1,830,862,127.05	1,647,430,346.61
Sub-total of cash outflows from operating activities		15,548,122,065.77	15,437,968,129.66
Net cash flows from operating activities		278,987,020.50	202,880,219.98
2. Cash flows from investing activities			
Cash received from disposal of investments		3,639,553,070.19	1,356,682,432.89
Cash received from returns on investments		107,510,794.56	249,649,428.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		100,542,038.97	55,119,501.58
Net cash received from disposal of subsidiaries and other business units		3,617,924.45	
Cash received from other investing activities	56 (3)	138,071,176.61	33,421,882.11
Sub-total of cash inflows from investing activities		3,989,295,004.78	1,694,873,245.32
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		1,569,463,738.78	1,488,567,515.23
Cash paid for investments		1,256,676,950.00	4,086,355,417.07
Net cash paid to acquire subsidiaries and other business units			2,161,981.86
Cash paid for other investing activities	56 (4)		1,823,208.96
Sub-total of cash outflows from investing activities		2,826,140,688.78	5,578,908,123.12
Net cash flows from investing activities		1,163,154,316.00	-3,884,034,877.80
3. Cash flows from financing activities			
Cash received from investors			1,000,000,000.00
Including: cash received by subsidiaries from investments by non-controlling shareholders			1,000,000,000.00
Cash received from borrowings		23,169,149,039.89	23,080,073,383.96
Cash received from bonds issue			2,790,480,000.00
Cash received from other financing activities	56 (5)	1,570,658,844.68	508,924,725.07
Sub-total of cash inflows from financing activities		24,739,807,884.57	27,379,478,109.03
Cash repayments of borrowings		23,744,372,069.20	20,566,322,937.05
Cash paid for distribution of dividends and profits or payment of interest		2,021,945,278.88	1,645,652,664.98
Including: dividends and profits paid to non-controlling shareholders by subsidiaries		45,564,002.93	14,516,372.71
Cash paid for other financing activities	56 (6)	594,103,988.20	1,550,893,371.20
Sub-total of cash outflows from financing activities		26,360,421,336.28	23,762,868,973.23
Net cash flows from financing activities		-1,620,613,451.71	3,616,609,135.80
4. Effect of foreign exchange rate changes on cash and cash equivalents		-4,677,435.78	2,967,643.84
5. Net increase/(decrease) in cash and cash equivalents		-183,149,550.99	-61,577,878.18
Add: balance of cash and cash equivalents at the beginning of the period		2,494,707,961.27	2,556,285,839.45
6. Balance of cash and cash equivalents at the end of the period		2,311,558,410.28	2,494,707,961.27

Lianyungang Port Group Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity
For the year ended December 31, 2020

Monetary Unit: RMB

Item	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity
	Share capital	Other equity instruments		Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit			
		Preferred stock	Sustainable debt										
1. Balance as at the end of last year	7,820,000,000.00		1,489,400,000.00	2,899,791,091.96		-176,406,367.38	229,641.35	7,610,257.91	29,169,577.24	91,474,003.66		4,995,281,708.56	17,156,549,913.30
Add: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Merger of enterprises under the same control													
Others													
2. Balance as at the beginning of the current year	7,820,000,000.00		1,489,400,000.00	2,899,791,091.96		-176,406,367.38	229,641.35	7,610,257.91	29,169,577.24	91,474,003.66		4,995,281,708.56	17,156,549,913.30
3. Increases/decreases in equity for the year ("+" for increases)			-200,000,000.00	-360,727,015.38		111,559,822.51	-82,747.36			42,678,313.33		227,423,079.97	-179,148,546.93
(1) Total comprehensive income						111,559,822.51				57,678,313.33		71,131,569.18	240,371,705.02
(2) Capital contributed or decreased by owners			-200,000,000.00	-360,727,015.38								110,725,507.86	-450,001,507.52
a. Capital contributions by owners													
b. Capital contributions by other equity instruments holders			-200,000,000.00										-200,000,000.00
c. Amounts of share-based payments recognized in owners' equity													
d. Others													
(3) Profit distribution													
a. Appropriation of surplus reserves													
b. Appropriation of general risk reserve													
c. Profit distributed to owners (or shareholders)													
d. Others													
(4) Internal carry-forward of owners' equity													
a. Conversion of capital reserves into paid-in capital (or share capital)													
b. Conversion of surplus reserves into paid-in capital (or share capital)													
c. Surplus reserves offsetting losses													
d. Change of Defined Benefit Plan transferred to retained earnings													
e. Others													
(5) General risk reserve													
a. Appropriation for the period													
b. Use for the period													
4. Balance as at the end of the current year	7,820,000,000.00		1,289,400,000.00	2,539,064,076.58		-64,846,544.87	146,893.99	7,610,257.91	29,169,577.24	134,152,316.99		5,222,704,788.53	16,977,401,366.37



Lianyungang Port Group Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2020

2019 (Jan-Dec)

Monetary Unit: RMB

Item	Equity attributable to owners of the parent company										Minority equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
		Preferred stock	Sustainable debt	Others									
1. Balance as at the end of last year	7,820,000,000.00		2,989,400,000.00		3,382,226,393.99		-162,659,464.09		207,610,257.91	23,578,243.48	56,113,764.96	4,043,671,409.78	18,359,940,606.03
Add: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Merger of enterprises under the same control													
Others													
2. Balance as at the beginning of the current year	7,820,000,000.00		2,989,400,000.00		3,382,226,393.99		-162,659,464.09		207,610,257.91	23,578,243.48	56,113,764.96	4,043,671,409.78	18,359,940,606.03
3. Increases/decreases in equity for the year ("-" for decreases)			-1,500,000,000.00		-482,435,302.03		-13,746,903.29	229,641.35	-200,000,000.00	5,591,333.76	35,360,238.70	951,610,298.78	-1,203,390,692.73
(1) Total comprehensive income							-13,746,903.29				50,671,572.46	20,376,944.89	37,301,634.06
(2) Capital contributed or decreased by owners			-1,500,000,000.00		-482,435,302.03							916,716,981.18	-1,965,718,320.85
a. Capital contributions by owners												1,000,000,000.00	1,000,000,000.00
b. Capital contributions by other equity instruments holders			-1,500,000,000.00										-1,965,718,320.85
c. Amounts of share-based payments recognized in owners' equity													
d. Others					-482,435,302.03								
(3) Profit distribution									-200,000,000.00	5,591,333.76	-15,311,333.76	14,516,372.71	-195,203,627.29
a. Appropriation of surplus reserves													
b. Appropriation of general risk reserve													
c. Profit distributed to owners (or shareholders)									-200,000,000.00	5,591,333.76	-5,591,333.76		
d. Others											-9,720,000.00	14,516,372.71	-195,203,627.29
(4) Internal carry-forward of owners' equity													
a. Conversion of capital reserves into paid-in capital (or share capital)													
b. Conversion of surplus reserves into paid-in capital (or share capital)													
c. Surplus reserves offsetting losses													
d. Change of Defined Benefit Plan transferred to retained earnings													
e. Others													
(5) General risk reserve													
a. Appropriation for the period								229,641.35					229,641.35
b. Use for the period								229,641.35					229,641.35
4. Balance as at the end of the current year	7,820,000,000.00		1,489,400,000.00		2,899,791,091.96		-176,406,367.38	229,641.35	7,610,257.91	29,169,577.24	91,474,003.66	4,995,281,708.56	17,156,549,913.30

Lianyungang Port Group Co., Ltd.

Balance Sheet

As at December 31, 2020

Monetary Unit: RMB

Assets	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Cash and cash equivalents		1,222,824,158.34	1,615,855,123.11
Financial assets measured at fair value through current profit or loss			
Derivative financial assets			
Notes receivable		67,910,317.06	54,507,523.76
Accounts receivable	1	768,112,055.77	1,125,350,829.84
Prepayment		94,067,379.88	87,948,721.41
Other receivables	2	16,443,521,325.06	14,493,874,951.90
Inventories		13,723,535.24	16,981,683.69
Assets held for sale			
Non-current assets due within one year			
Other current assets		174,723,737.14	143,938,534.69
Total current assets		18,784,882,508.49	17,538,457,368.40
Non-current assets:			
Available-for-sale financial assets		92,194,090.06	38,665,899.64
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	12,242,630,255.53	10,834,526,265.82
Investment property		734,963,491.57	756,797,081.89
Fixed assets		1,500,674,157.49	1,633,000,173.17
Construction in progress		8,678,188,760.58	7,536,065,109.86
Productive biological assets			
Oil and gas assets			
Intangible assets		1,132,679,068.85	2,143,006,219.49
Development expenditure			
Goodwill			
Long-term deferred expenses		84,078,896.18	36,108,506.93
Deferred tax assets		78,404,309.53	60,557,725.29
Other non-current assets			
Total non-current assets		24,543,813,029.79	23,038,726,982.09
Total assets		43,328,695,538.28	40,577,184,350.49

Lianyungang Port Group Co., Ltd.

Balance Sheet (Cont.)

As at December 31, 2020

Monetary Unit: RMB

Liabilities and owners' equity	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term loans		4,486,000,000.00	3,970,000,000.00
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payables		348,000,000.00	400,000,000.00
Accounts payables		608,876,824.42	578,432,815.04
Receipts in advance		17,894,040.51	15,631,638.42
Employee benefits payable		41,657,115.30	40,147,795.96
Taxes payable		3,524,920.65	103,819,080.86
Other payables		1,516,277,623.47	1,311,941,693.29
Liabilities held for sale			
Non-current liabilities due within one year		5,885,310,414.24	6,602,337,476.32
Other current liabilities		1,700,000,000.00	900,000,000.00
Total current liabilities		14,607,540,938.59	13,922,310,499.89
Non-current liabilities:			
Long-term loans		3,622,580,000.00	2,907,850,000.00
Bonds payable		11,747,596,510.19	11,049,874,594.41
Including: preferred stock			
sustainable debt			
Long-term payables		826,475,951.77	109,965,951.77
Provision			
Deferred revenue		38,121,033.91	42,545,688.74
Deferred tax liabilities		5,446,022.50	7,628,974.90
Other non-current liabilities			
Total non-current liabilities		16,240,219,518.37	14,117,865,209.82
Total liabilities		30,847,760,456.96	28,040,175,709.71
Owners' equity (or shareholders' equity)			
Share capital		7,820,000,000.00	7,820,000,000.00
Other equity instruments		1,289,400,000.00	1,489,400,000.00
Including: preferred stock			
sustainable debt		1,289,400,000.00	1,489,400,000.00
Capital reserves		2,226,554,162.08	2,228,624,162.08
Less: Treasury shares			
Other comprehensive income		19,543,328.56	24,261,602.08
Special reserves		82,177.38	18,740.73
Surplus reserves		207,610,257.91	207,610,257.91
General risk preparedness			
Undistributed profits		917,745,155.39	767,093,877.98
Total owners' equity (or shareholders' equity)		12,480,935,081.32	12,537,008,640.78
Total liabilities and owners' equity		43,328,695,538.28	40,577,184,350.49

Lianyungang Port Group Co., Ltd. Income Statement

For the year ended December 31, 2020

Monetary Unit: RMB

Item	Note	2020 (Jan-Dec)	2019 (Jan-Dec)
1. Total operating income	4	1,010,165,825.31	995,683,767.87
Less: Operating costs	4	837,245,325.13	697,942,202.31
Taxes and surcharge		8,655,950.64	7,709,109.58
Selling and distribution expenses			
Administrative expenses		336,266,059.01	376,382,738.86
Research and development expenses		632,830.18	
Financial expenses		728,279,126.46	534,737,858.52
Including: interest expense		723,805,407.80	516,497,027.23
interest income		23,543,018.81	15,770,012.46
Add: Other income		402,557,237.00	959,311,264.97
Investment income ("-" for losses)	5	692,595,007.61	222,904,764.84
Including: income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)			
Impairment loss of assets		-65,380,415.34	-24,949,400.32
Gains from disposal of assets ("-" for losses)		-894,013.49	1,108,313.60
2. Operating profits ("-" for losses)		127,964,349.67	537,286,801.69
Add: Non-operating income		28,720,986.92	12,649,498.34
Less: Non-operating expenses		13,013,205.11	31,322,086.37
3. Total profits before tax ("-" for total losses)		143,672,131.48	518,614,213.66
Less: Income tax expenses		-21,979,145.93	99,988,235.46
4. Net profit ("-" for net loss)		165,651,277.41	418,625,978.20
(1) Net profit from going concern ("-" for net loss)		165,651,277.41	418,625,978.20
(2) Net profit from discontinued operations ("-" for net loss)			
5. Net of income tax effect of other comprehensive income		-4,718,273.52	7,809,571.15
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss			
a. Changes as a result of remeasurement of the net defined benefit liability or asset			
b. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss			
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss		-4,718,273.52	7,809,571.15
a. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		1,830,583.66	3,137,071.92
b. Gains or losses arising from changes in fair value of available-for-sale financial assets		-6,548,857.18	4,672,499.23
c. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
d. The effective hedging portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising on translation of foreign currency financial statements			
f. Others			
6. Total comprehensive income		160,933,003.89	426,435,549.35
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Lianyungang Port Group Co., Ltd. Cash Flows Statement

For the year ended December 31, 2020

Monetary Unit: RMB

Item	Note	2020 (Jan-Dec)	2019 (Jan-Dec)
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		1,145,911,044.15	977,616,875.44
Refunds of taxes and surcharges		33,866,272.04	
Cash received from other operating activities		673,746,862.00	985,862,827.92
Sub-total of cash inflows from operating activities		1,853,524,178.19	1,963,479,703.36
Cash paid for goods purchased and services received		806,300,865.89	654,455,452.11
Cash paid to and on behalf of employees		220,137,198.27	311,846,096.96
Cash paid for taxes and surcharges		109,569,943.19	74,117,412.79
Cash paid for other operating activities		335,053,785.82	264,653,523.31
Sub-total of cash outflows from operating activities		1,471,061,793.17	1,305,072,485.17
Net cash flows from operating activities		382,462,385.02	658,407,218.19
2. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from returns on investments		44,470,727.78	260,095,795.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units		14,087,900.00	
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		58,558,627.78	260,095,795.43
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		(270,451,695.77)	582,050,726.46
Cash paid for investments		(324,498,000.00)	457,269,999.60
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,594,949,695.77	1,039,320,726.06
Net cash flows from investing activities		-1,536,391,067.99	-779,224,930.63
3. Cash flows from financing activities			
Cash received from investors			
Cash received from borrowings		17,002,500,813.52	16,382,000,360.00
Cash received from other financing activities		1,216,510,000.00	260,600,000.00
Sub-total of cash inflows from financing activities		18,219,010,813.52	16,642,600,360.00
Cash repayments of borrowings		14,990,650,633.52	11,336,283,658.52
Cash paid for distribution of dividends and profits or payment of interest		1,127,809,197.40	1,038,593,215.04
Cash paid for other financing activities		1,336,546,684.87	3,428,782,462.01
Sub-total of cash outflows from financing activities		17,455,006,515.79	15,803,659,335.57
Net cash flows from financing activities		764,004,297.73	838,941,024.43
4. Effect of foreign exchange rate changes on cash and cash equivalents		13,420.47	27,503.36
5. Net Increase/(decrease) in cash and cash equivalents		-389,910,964.77	718,150,815.35
Add: balance of cash and cash equivalents at the beginning of the period		1,612,055,123.11	893,904,307.76
6. Balance of cash and cash equivalents at the end of the period		1,222,144,158.34	1,612,055,123.11

Lianyungang Port Group Co., Ltd.
Statement of Changes in Shareholders' Equity

For the year ended December 31, 2020

Monetary Unit: RMB

Item	2020 (Jan-Dec)				Total shareholders' equity						
	Share capital	Other equity instruments		Capital reserve		Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit
	Preferred stock	Sustainable debt	Others								
Balance as at the end of last year		1,489,400,000.00		2,228,624,162.08		24,261,602.08	18,740.73	207,610,257.91		767,093,877.98	12,537,008,640.78
Add: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Others											
Balance as at the beginning of the current year	7,820,000,000.00	1,489,400,000.00		2,228,624,162.08		24,261,602.08	18,740.73	207,610,257.91		767,093,877.98	12,537,008,640.78
Increase/decrease in equity for the year ("-" for decreases)		-200,000,000.00		-2,070,000.00		-4,718,273.52	63,436.65			150,651,277.41	-56,073,559.46
Total comprehensive income						-4,718,273.52				165,651,277.41	160,933,003.89
Capital contributed or decreased by owners		-200,000,000.00		-2,070,000.00							-202,070,000.00
a. Capital contributions by owners											
b. Capital contributions by other equity instruments holders											
c. Amounts of share-based payments recognized in owners' equity											
d. Others											
Profit distribution											
a. Appropriation of surplus reserves											
b. Appropriation of general risk reserve											
c. Profit distributed to owners (or shareholders)											
d. Others											
Internal carry-forward of owners' equity											
a. Conversion of capital reserves into paid-in capital (or share capital)											
b. Conversion of surplus reserves into paid-in capital (or share capital)											
c. Surplus reserves offsetting losses											
d. Change of Defined Benefit Plan transferred to retained earnings											
e. Others											
Special reserves											
a. Appropriation for the period							63,436.65				63,436.65
b. Use for the period							63,436.65				63,436.65
Balance as at the end of the current year	7,820,000,000.00	1,289,400,000.00		2,226,554,162.08		19,543,328.56	82,177.38	207,610,257.91		917,745,155.39	12,480,935,081.32



Lianyungang Port Group Co., Ltd.
Statement of Changes in Shareholders' Equity

For the year ended December 31, 2020

Monetary Unit: RMB

2019 (Jan-Dec)

Item	Share capital	Other equity instruments		Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Sustainable debt								
Balance as at the end of last year	7,820,000,000.00		2,989,400,000.00	2,028,624,162.08		16,452,030.93		207,610,257.91		558,187,899.78	13,620,274,350.70
Add: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Others	7,820,000,000.00		2,989,400,000.00	2,028,624,162.08		16,452,030.93		207,610,257.91		558,187,899.78	13,620,274,350.70
Balance as at the beginning of the current year	7,820,000,000.00		2,989,400,000.00	2,028,624,162.08		16,452,030.93		207,610,257.91		558,187,899.78	13,620,274,350.70
Increase/decrease in equity for the year ("-" for decreases)			-1,500,000,000.00	200,000,000.00		7,809,571.15	18,740.73			208,905,978.20	-1,083,265,709.92
Total comprehensive income						7,809,571.15				418,625,978.20	426,435,549.35
Capital contributed or decreased by owners			-1,500,000,000.00	200,000,000.00							-1,300,000,000.00
a. Capital contributions by owners											
b. Capital contributions by other equity instruments holders											
c. Amounts of share-based payments recognized in owners' equity											
d. Others			-1,500,000,000.00	200,000,000.00						-209,720,000.00	-209,720,000.00
Profit distribution											
a. Appropriation of surplus reserves											
b. Appropriation of general risk reserve											
c. Profit distributed to owners (or shareholders)										-209,720,000.00	-209,720,000.00
d. Others											
Internal carry-forward of owners' equity											
a. Conversion of capital reserves into paid-in capital (or share capital)											
b. Conversion of surplus reserves into paid-in capital (or share capital)											
c. Surplus reserves offsetting losses											
d. Change of Defined Benefit Plan transferred to retained earnings											
e. Others											
Special reserves							18,740.73				18,740.73
a. Appropriation for the period							18,740.73				18,740.73
b. Use for the period											
Balance as at the end of the current year	7,820,000,000.00		1,489,400,000.00	2,228,624,162.08		24,261,602.08	18,740.73	207,610,257.91		767,093,877.98	12,537,008,640.78

LIANYUNGANG PORT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(All amounts are expressed in Renminbi unless otherwise stated)

I. Company Profile

1. Company Overview

Lianyungang Port Group Co., Ltd. (the "Company") registered at Lianyungang Administration Bureau of Industry and Commerce with Business License No. 91320700139008250P. Registered address of the Company: Zhonghua West Road 18-5, Lianyun District, Lianyungang. The legal representative: Ding Rui. The registered capital of the Company is RMB 820 million yuan. Company type: Limited liability company (legal person).

Port of Lianyungang was opened in 1933. Since 1961, the Lianyungang Port Authority was established managed by the Department of Transport. Since 1987, the Lianyungang Port Authority was renamed as Lianyungang Harbor Authority co-administrated by the Department of Transport and the local government. Since 2002, Lianyungang Harbor Authority was administrated only by Lianyungang municipal government according to the document [2001] No.91 issued by Office of the State Council. The formation of Lianyungang Port Group Co., Ltd was approved by the People's Government of Jiangsu Province and related government department in 2003. Lianyungang Port Group Co., Ltd was established in November 25, 2003 approved by the document [2003] No.28 issued by Lianyungang municipal government.

Lianyungang Municipal Government invested the assets of Lianyungang Port Group Co., Ltd. to Lianyungang port Holding Group Co., Ltd. according to the document [2015] No.39 issued by Lianyungang Municipal Government in August 17, 2015. Shareholders of Lianyungang Port Group Co., Ltd. was changed from Lianyungang Municipal government to Lianyungang port Holding Group Co., Ltd.

On May 22, 2017, Guokai development fund Co., Ltd. increased its capital by 820 million yuan, with the paid in capital of 7.82 billion yuan, of which Lianyungang Port Holding Group Co., Ltd. held 89.51% shares and Guokai development fund Co., Ltd. held 10.49% shares

Business scope of the Company: Provide port facility such as berth, lightering anchorage, mooring buoy for ship; provide ship facilities and services for passenger ; provide cargo for the client (including lightering), warehousing, lightering within a port, container stacking, and the demolition LCL goods and their packaging simple processing etc.; as the ship out of the harbor, dock, shifting with pushing and pulling service; provide the goods count during the handover point and check the surface condition of goods tally services to clients; for the ship to provide shore power, fuel supply, life and goods supply, crew and ship pollutants transfer (oily water, residual oil, wash tank water, sewage and garbage); supply of oil fences and laundry service; provide the port facilities, equipment (including locomotives) and the port machinery leasing, maintenance business(service provided according to the port business license);bonded warehousing (excluding dangerous chemicals); port and waterway engineering, construction Engineering, water supply and drainage engineering, mechanical and electrical equipment installation engineering, road and bridge engineering, building intelligent engineering, design and construction for communication pipeline engineering, port dredging operations; coal sales; real estate development and management, international shipping agency; property management services; software development and system integration; network technology services; international freight forwarding; the goods along the coast, along the river and the inland waterway transport; environmental engineering supervision and detection of environmental technology services; self and agent all kinds of goods and technology import and export business; except the prohibition of the enterprise operation or the import and export of goods and technologies by the state; communication engineering construction; road transport of ordinary goods, special transport of goods (tank type), dangerous goods transport operations (Category 3) (except for highly toxic chemicals); wholesale and retail of pre packaged food and stage bulk food; bottles (barrels) of drinking water production and sales; catering services; accommodation services; cigarette retail (cigar); shipbuilding; ship repair and diving operations; labor services (excluding labor dispatch); health service;

measuring instrument detection and weighing equipment installation test; non degree occupation skill training; waste recycling; municipal government authorization management and the management of state-owned capital within the scope; to limit branches operating permit: ethanol gasoline, diesel, kerosene retail; gas sales. (subject to the approval of the project, approved by the relevant departments to carry out business activities before).

2. Consolidated Financial Statement Scope

The scope of consolidation of the Company's consolidated financial statements is based on control, and all subsidiaries are included in the consolidation scope of the consolidated financial statements.

The change of scope of consolidated statements is shown in the following table:

2.1 The business entities that are newly incorporated into the scope of the merger:

Company name	Obtaining Method
Lianyungang Xinxin Logistics Co., Ltd	New subsidiary of the year
Lianyungang Foreign Ship Inspection Co., Ltd	New subsidiary of the year
Lianyungang China Korea ferry Co., Ltd	Acquisition in the current period
Lianyungang ferry Co., Ltd	Acquisition in the current period
Lianyungang New Coast Real Estate Development Company	Acquisition in the current period
Lianyungang highway port Co., Ltd	Acquisition in the current period

2.2. The business entities that are not incorporated into the scope of the merger, the structural entities or business entities forming control in the other way:

Company name	Reason
Jiangsu Golden Harbour Investment Co., Ltd.	Full equity transferred
Jiangsu Gangjia Energy Saving Technology Co., Ltd	Full equity transferred

Details of the sub companies incorporated into the consolidated financial statements show on "Note VII. Interests in subsidiaries", changes of consolidated scope see details in "Note VI. Changes in consolidated scope".

II. Basis of preparation of financial statements

1. Base preparation

The Company prepares its financial statements on a going concern basis, and recognizes and measures its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Continuous operation

The company's management believes that the company has the ability to continue to operate at least 12 months since the end of the final period.

III. Significant Accounting Policies, Accounting Estimates

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, cash flows and other related information for the reporting period.

2. Accounting period

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

3. Functional currency

The Company adopts RMB as functional currency.

4. Accounting treatment methods for business combination under and not under common control

4.1 Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the consolidated financial statements of the ultimate controlling party at combination date; the initial investment cost of long-term equity investments in the individual financial statements shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party. The differences between initial investment cost of long-term equity investments and consideration of the combination(including cash paid, non-cash assets transferred, the liabilities incurred or assumed or the aggregate face value of the share issued) shall be adjusted to capital reserve(stock premium or capital premium). If the capital reserve (stock premium or capital premium) is insufficient to offset, offset surplus reserve and undistributed profit in turn.

4.2 Accounting treatment method for business combination not under common control

The Company accounts for business combination not under common control under purchase method.

- a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured based on the fair values of assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.
- b) The cost of acquisition shall be respectively determined for the following conditions;
 - i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair values of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.
 - ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Except for a single transaction.
- c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired
 - i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.
 - ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.
 - iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

- iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.
 - v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.
- d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination
- i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.
 - ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:
 - 1) Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;
 - 2) After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

4.3. Treatment of relevant expenses arising from the Company's business combination

- a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.
- b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.
 - i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;
 - ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.
- c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.
 - i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);
 - ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

5. Preparation of consolidated financial statements

5.1 Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

5.2 Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

5.3 Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests exceed their share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

5.4 Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the beginning balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

6. Cash and cash equivalents

The term "cash" refers to cash on hand and unrestricted bank deposit and other cash and cash equivalents.

The term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

7. Foreign currency transactions and translation of foreign currency statements

7.1 Accounting method of foreign currency transactions

a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency borrowings relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

- 1) For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.
- 2) For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.
- 3) Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

7.2 Accounting treatment method for translation of foreign currency statements

- a) The Company shall translate the financial statements of foreign operations in accordance with the following methods:
 - i. Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur.
 - ii. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur.

Differences arising from the above translations of foreign currency financial statements are separately listed under 'other comprehensive income' in the consolidated balance sheet.
- b) The Company shall translate the financial statements of foreign operations that are in virulent inflation economy in accordance with the following methods:
 - i. The Company restates the items in the balance sheet by using the general price index, and restates the items in the income statement by using the changes in general price index, and then converts those items at the spot exchange rate on the latest balance sheet date.
 - ii. Where the foreign operations are no longer in virulent inflation economy, the Company ceases to restate the financial statements and converts the financial statements restated according to the price level on such cease.
- c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other comprehensive income in the balance sheet, from the other comprehensive income item to the gain or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

8. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

8.1 Classification of financial instruments

a) Classification of financial assets

Based on business characteristics, investment strategies and risk management requirements, the Company classifies the financial assets it has obtained into the following four categories: (1) financial assets measured at fair value through current profit and loss; (2) held-to-maturity investments; (3) receivables; and (4) available-for-sale financial assets.

Financial assets measured at fair value through current profit and loss include: (1) financial assets held for trading ;(2)financial assets directly designated to be measured at fair value through current profit and loss;(3)investments in subsidiaries that shall not be consolidated by the investment entities ;(4)investments held by venture capital organizations, mutual funds or similar entities.

b) Classification of financial liabilities

Based on business characteristics and risk management requirements, the Company classifies the financial liabilities it undertakes into the following two categories: (1) financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be measured at fair value through current profit and loss); and (2) other financial liabilities.

8.2 Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

b) Measurement method of financial instruments

- i. Financial assets or financial liabilities measured at fair value through current profit and loss: they are initially measured at the amount of fair value upon acquisition, and relevant transaction expenses are included in the current profit and loss when incurred. For cash dividends declared but not distributed or bond interest matured but not drawn that have been included in the actual price paid, they shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On the balance sheet date, they shall be measured at fair values and the changes in their fair values shall be included in current profit or loss. When disposing of a financial asset held for trading, the Company recognizes the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of the financial asset held for trading on the disposal date, and transfers the accumulative amount previously included in profit or loss on changes in fair value to the investment income.
- ii. Held-to-maturity investments: they are initially measured at the total amount of their fair values upon acquisition and related transaction expenses. For bond interest matured but not drawn that is included in the actual price paid, they are independently recognized as interest receivable. Interest income is calculated and recognized during the holding period according to the amortized cost and effective interest rates, and included in the investment income. The effective interest rate is determined upon acquisition, and remains unchanged during the expected duration or any applicable shorter period. On the balance sheet date, they are measured at amortized costs. Upon disposal, the difference between the actual proceeds (interest receivable, if any, shall be deducted) and the book value of the held-to-maturity investment is recognized as investment income.
- iii. Receivables: for creditor's rights receivable arising from external sales of goods or rendering of service by the Company, and other creditor's rights of other enterprises held by the Company except for the liability instruments quoted in an active market (including notes receivable, accounts receivable, other receivables, etc.), their initial recognition amounts shall be the contract price or agreement price receivable from the purchaser; for those with financing nature, they are initially recognized at the fair values of the contract or agreement price receivable from the

purchaser. Receivables' interest income is recognized under the effective interest method. Receivables are measured at their amortized costs on the balance sheet date. Upon recovery or disposal, the difference between the price received and the book value of a receivable is included in the current profit and loss.

- iv. Available-for-sale financial assets: they are initially recognized at the sum of fair value upon acquisition and relevant transaction expenses. For cash dividends declared but not distributed or bond interest matured but not drawn that has been included in the actual price paid, it shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On the balance sheet date, the available-for-sale financial assets are measured at fair values and the changes in their fair values are included in other comprehensive income. Upon disposal, the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of an available-for-sale financial asset shall be included in investment income; and meanwhile, the amount arising from the accumulated changes in fair value, which have been previously included in other comprehensive income, shall be transferred out and included in the investment profit or loss.
- v. Other financial liabilities: they are initially recognized at fair values at the time of occurrence plus related transaction costs. Other financial liabilities, whose interest expenses are recognized by using the effective interest method, are measured at their amortized costs on the balance sheet date.

8.3 Recognition basis and measurement method of transfer of financial assets

a) Derecognition criteria of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards of ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

When determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the Company adopts the principle of substance over form.

b) Treatment of transfer of financial assets satisfying the criteria of derecognition

The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset.

i. If the entire transfer of financial asset satisfies the criteria of derecognition, the difference between the amounts of the following two items shall be included in the current profit and loss: The book value of the transferred financial asset; The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

ii. If the partial transfer of financial asset satisfies the criteria of derecognition, the entire book value of the transferred financial asset shall be divided between the derecognized and recognized parts according to their respective fair values and the difference between the amounts of the following two items shall be included in the current profit and loss: The book value of derecognized part; The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

c) Treatment of transfer of financial assets not satisfying the criteria of derecognition

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

8.4 Derecognition criteria of financial liabilities

- a) A financial liability shall be wholly or partly derecognized if its present obligations are wholly or

partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and recognize a new one at the same time.

- b) Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability wholly or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.
- c) Upon whole or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit and loss.
- d) Where the Company repurchases part of its financial liabilities, it shall, on the repurchase date, allocate the entire book value of financial liabilities according to the comparative fair value of the part that continues to be recognized and de-recognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit and loss.

8.5 Method to determine the fair value of financial instrument

- a) The fair value of a financial asset or financial liability for which there is an active market shall be determined in accordance with the quoted price in such active market at the measurement date.
- b) The fair value of a financial asset or financial liability for which there isn't an active market shall be using valuation techniques. The recognition of the specific principles and methods are dealt with under "Accounting Standard for Business Enterprises No.39—Fair Value Measurement".

8.6 Criteria to identify, way to test and method to provide for the impairment of financial assets (excluding receivables)

On the balance sheet date, the Company shall check the book values of its financial assets (excluding the financial assets measured at fair value through current profit and loss), whether on an individual basis or on a combination basis, recognizes impairment losses on the financial assets with objective evidence of impairment, and provides reserves for the impairment.

The objective evidence of impairment of a financial asset includes the serious financial difficulties faced by the issuer or debtor, potential bankruptcy or other financial reorganization incurred to the debtor, and the incapability of the financial asset to be continuously traded in active market caused by the serious financial difficulties incurred to the issuer, severe or prolonged decline in the fair value of equity instrument investment and other adverse situations.

a) Methods to test and make provision for impairment of held-to-maturity investment

On the balance sheet date, if there is any objective evidence showing that any impairment has occurred to a held-to-maturity investment, the impairment loss is recognized at the difference between its book value and its present value of estimated future cash flows.

- i. For a held-to-maturity investment that is individually significant, the Company conducts separate impairment test. If there is any objective evidence of impairment, the Company recognizes the impairment losses at the difference of its present value of estimated future cash flows in short of its book value, and shall accordingly make the provision for such impairment.
- ii. For held-to-maturity investments that are individually insignificant and held-to-maturity investments that are individually significant but have no impairment according to the separate test, they are divided into several groups according to similar credit risk characteristics. The impairment losses and provisions for impairment of these groups are calculated and determined based on certain proportions of their balances on the balance sheet date.

b) Methods to test and make provision for impairment of available-for-sale financial asset.

On the balance sheet date, if there is any objective evidence showing that an available-for-sale financial asset is impaired, the impairment provision shall be accrued and the impairment loss shall be

recognized. For an equity instrument investment, if significant or non-temporary decline in fair value of the available-for-sale equity investment is found after giving comprehensive consideration to relevant factors, it can be concluded that the available-for-sale equity investment is impaired. The "significant decline" refers to a cumulative decline in the fair value exceeding 20% of the cost; and the "non-temporary decline" refers to a continuous decline in the fair value of more than 6 months.

When making provision for the impairment of an available-for-sale financial asset, the accumulated loss arising from the decline in fair value that is previously included in other comprehensive income shall be transferred out and included in the current profit and loss. The accumulated loss transferred out shall be balance of the available-for-sale financial asset's initial acquisition cost after deducting the principal recovered and amortized amount, present fair value and impairment loss previously recorded in profit or loss.

After the recognition of an impairment loss, if there is objective evidence showing that the value of financial assets has been recovered and such recovery is objectively related to the events occurring after the recognition of such loss, the impairment loss previously recognized shall be reversed, the impairment loss of available-for-sale equity investment shall be reversed and recognized as other comprehensive income, and the impairment loss of available-for-sale debt instrument shall be reversed and included in the current profit and loss.

For an equity instrument investment that has no quoted price in active market and whose fair value cannot be reliably measured, or a derivative financial asset that is linked to the equity instrument and settled through delivery of such equity instrument, when they are impaired, the difference between the book value of the financial asset and the present value of future cash flows discounted based on the prevailing market rate of return for a similar financial asset shall be recognized as an impairment loss and included in the current profit and loss. Once recognized, the impairment loss shall not be reversed.

8.7. Accounting treatment method of reclassifying the undue held-to-maturity investments as available-for-sale financial assets

Where it is not suitable to classify one investment as a held-to-maturity investment any more due to the change in intention or ability to hold the investment, the Company shall reclassify such investment as available-for-sale financial assets; where the Company partly disposes or reclassifies a held-to-maturity investment large in amount, and such disposal or reclassification does not arise from any independent event that is not under the control of the Company, not expected to recur and difficult to reasonably anticipated, the remaining portion of the investment shall also be classified as available-for-sale financial asset.

9. Receivables

9.1 Recognition criteria and provision method of bad debts of individually significant receivables

a) Recognition criteria of individually significant receivables

Individually significant receivables refer to accounts receivable whose ending balances are over RMB10 million.

b) Provision method of individually significant receivables

On the balance sheet date, the Company separately conducts impairment tests on those individually significant receivables. If there is any objective evidence of impairment, an impairment loss is recognized and a provision for bad debt is made, according to the difference of the present value of estimated future cash flows in short of the book value; Individually significant receivables that are proved to be not impaired according to the tests shall be incorporated into other individually insignificant receivables, and their provisions for bad debts shall be made by using the aging analysis method based on their ending balances.

Objective evidence of impairment incurred to receivables includes: (1) the debtor has significant financial difficulty; (2) the debtor violates contractual terms (such as the breach of contract or delay in repaying interest or principal); (3) a concession is made to the debtor in financial difficulty after considering economic or legal reasons; (4) the debtor is likely to face bankruptcy or other debt restructuring.

9.2 Receivables whose bad debt provisions are made by portfolio

a) Basis to determine portfolio

Aging portfolios

Receivables that are individually significant but not accrued bad debt provisions after separate tests, and receivables that are individually insignificant after deduction of bad debt provisions separately made, shall all be classified into portfolios of receivables with similar credit risk characteristics by aging.

Other portfolios

The parent company of the company and its subsidiaries within the scope of merger

b) Method to making provision for bad debt by portfolio

As for aging portfolios, after aging analysis, the Company makes bad debt provisions at the following proportions:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (inclusive)	5	5
1 - 2 years	10	10
2 - 3 years	30	30
3 - 4 years	40	40
4 - 5 years	50	50
Over 5 years	100	100

As for other portfolios, provision for bad debts was not made .

9.3 Accounts receivable that are individually insignificant but separately accrued bad debt provisions

Individually insignificant receivables refer to a whose single amount is less than RMB 10 million.

The Company carries out separate impairment tests on receivables that are individually insignificant but have the following characteristics (such as receivables involved in dispute or litigation with the debtor and requiring arbitration; and receivables for which there are clear indications that the debtor is unable to fulfill the repayment obligations). If there is any objective evidence of impairment, the Company shall recognize the impairment loss and make the bad debt provision according to the difference of the present value of future cash flows in short of the book value. Meanwhile, for receivables that are individually insignificant after the bad debt provisions separately made are deducted, their bad debt provisions shall be made according to principles applied to portfolios of receivables with similar credit risk characteristics by aging.

10. Inventories

10.1 Classification of inventories

Inventories are classified as: raw materials for repairmen such as main port machinery accessories, fuel, low-cost consumables, stock commodities, developed products, development cost, revolving materials and engineering construction, etc.

10.2 Measurement method of dispatched inventories

Materials and stock commodities are accounted for by using the weighted average method.

10.3 Basis to determine net realizable values of inventories and method of provision for diminution in value of inventories

a) Determination basis of net realizable values of inventories

- i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.
- ii. For the inventory of processed materials, in the normal production and operation process, the estimated price of the finished product is subtracted from the estimated cost, estimated sales cost and the amount of related taxes and fees to be incurred at the time of completion, and the net realizable value is determined.
- iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b) Provision for diminution in value of inventory

Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

- i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.
- ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.
- iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

10.4 Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

10.5 Amortization method of revolving materials

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

11. Long-term equity investments

11.1 Recognition of the initial investment costs of long-term equity investments

- a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with accounting treatment methods for business combination under and not under common control which are in the item 3 of the note 4.
- b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:
 - i. For the long-term equity investments acquired by cash paid, the initial investment cost shall be the actual purchase price has been paid. Initial investment cost also includes those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity

investment.

- ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities..
- iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.
- iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

11.2 Subsequent measurement and recognition of gains and losses of long-term equity investments

a) Long-term equity investments measured under the cost method

- i. Long-term equity investments that can control the investee, which are long-term equity investments in subsidiaries, are measured under the cost method.
- ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b) Long-term equity investments measured under the equity method

- i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.
- ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.
- iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and losses realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of

the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments there from shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

11.3 Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b) Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

12. Investment property

12.1 Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

12.2 Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

- a) It is probable that the economic benefits relevant to the investment property will flow into the Company.

- b) The cost of the investment property can be measured reliably

12.3 Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

- a) Depreciation and amortization method of investment property
- i. For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.
 - ii. For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

13. Fixed assets

13.1 Recognition and measurement of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- b) The cost of the fixed assets can be measured reliably.

13.2 Depreciation of all fixed assets

- a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.
- b) Depreciation of fixed assets of the Company is provided for on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.
- c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of fixed assets	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Ships for the port	18	3	5.39
Vehicle	10	3	9.70
Loading and unloading machine	10	3	9.70
Harbor facilities	40	3	2.42
Warehouses and open yard facilities	40	3	2.42
Communication and navigation equipment	10	3	9.70
Machinery and equipment	10-12	3	8.08-9.70
Production houses	40	3	2.42
Buildings	10-50	3	1.94-9.70
Other production tools	10	3	9.70
Non-production machinery and tools	6-16	3	6.06-16.17
Non-production houses	40-45	3	2.16-2.42

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

- d) Fixed assets renovation costs eligible for capitalization in fixed assets during the two renovations or remaining useful life, whichever is the shorter period, is depreciated separately using the straight line method.
- e) For fixed assets acquired under financing leases, if there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

13.3 Recognition Standard, Valuation Method and Depreciation Method for Fixed Assets Acquired under Financing Lease

a) Recognition standard for fixed assets acquired under financing lease

At the inception of the lease, the Company recognizes the leased fixed assets meeting the standards for financial leases as fixed assets acquired under financing leases.

b) Valuation method for fixed assets acquired under financing lease

At the inception of the lease, the Company shall state the assets acquired under financing lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments, as well as the initial and direct expenses occurred, recognize a long-term payable at the amount of the minimum lease payments, and shall charge the difference of the lower of the fair value of the leased assets or the present value of the minimum lease payments and the minimum lease payments to unrecognized finance expenses. Unrecognized finance expenses shall be amortized at the effective interest rate method in each period during the lease term.

c) Depreciation for Fixed Assets Acquired under Financing Lease

Adapt the same depreciation method as the one used on other fixed assets owned by the company. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets

14. Construction in progress

14.1 Category

Construction in progress is accounted on individual project basis.

14.2 Criteria of conversion of construction in progress into fixed assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated

value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

15. Borrowing costs

15.1 Scope

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency borrowings, etc.

15.2 Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

15.3 Recognition of capitalization period of borrowing costs

a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

15.4 Recognition of capitalized amounts of borrowing costs

a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

- i. As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.
 - ii. As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.
 - iii. Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.
 - iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant borrowings.
- b) Recognition of capitalized amounts of auxiliary expenses of borrowings
- i. Auxiliary expenses incurred from special borrowings before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.
 - ii. Auxiliary expenses incurred from general borrowings shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.
- c) Recognition of capitalized amount of exchange differences
- During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency borrowings should be capitalized and included in the costs of the assets eligible for capitalization.

16. Intangible assets

16.1 Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

16.2 Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced there from, the amortizations are recorded into

the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	50	0	2
Right to use sea area	50	0	2
Computer software	6	0	16.67
Patent	The service life of the contract agreement	0	

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

16.3 Estimates of useful lives of intangible assets

- a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.
- b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.
- c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

16.4 Specific criteria for classifying the research phase and the development phase of an internal research and development project

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

16.5 Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be

recognized as intangible assets only when the following conditions are simultaneously satisfied:

- a) It is technically feasible to finish intangible assets for use or sale;
- b) It is intended to finish and use or sell the intangible assets;
- c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

16.6 Treatment of land use right

- a) The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital, it shall be transferred to investment property.
- b) For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.
- c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

17. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

18. Long-term deferred expenses

18.1 Scope

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

18.2 Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

18.3 Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

19. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

19.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that fall due within 12 months from the end of the period in which the employees provide their services.

Short-term benefits including: wages, bonuses, allowances and subsidies, welfare, medical insurance, work injury insurance, maternity insurance and other social insurance, housing funds, labor union funds, employee education funds, short-term compensated absences, short-term profit-sharing plan, non-monetary benefits and other short-term remuneration.

Short-term benefits should be recognized as an employee provides his services to the entity. The benefit will normally be treated as an expense, and a liability should be recognized for any unpaid balance at the year-end.

19.2 Post-employment benefits - defined contribution plans

Contributions such as the basic pension insurance, unemployment insurance, annuity payment and so on are paid by the entity for workers according to the relevant regulations. The entity should recognize contributions payable as an expense or associated costs of assets in the period in which the employee provides services. A liability should be recognized where contributions arise in relation to an employee's service, but remain unpaid at the period end.

19.3 Termination benefits

Termination benefits, are employee benefits payable on the termination of employment, through voluntary redundancy or as a result of a decision made by the employer to terminate employment before the normal retirement date. Termination benefits are recognized as an expense when the entity is committed to either:

- a) When companies cannot unilaterally withdraw termination benefits due to termination of employment or layoff proposal provided.
- b) Enterprise recognizes termination benefits involving the restructuring payment of costs or expenses related to the time.

19.4 Other long-term employee benefits

Other long-term employee benefits, are defined as employee benefits except short-term employee benefits, post-employment benefits and termination benefits etc. During the reporting period, costs of other long-term employee benefits are recognized as an integral part of the following:

- a) The service costs.
- b) Net interest of net liabilities or net assets of other long-term employee benefits.
- c) Changes arising from remeasured net liabilities or net assets of other long-term employee benefits.

To simplify the related accounting treatment, the total net amount is recognized into profit or loss or associated costs of assets.

20. Estimated liabilities

20.1 Recognition of estimated liabilities

When the obligations related with external security matters, pending litigation or arbitration, product quality assurance, loss of contracts, restructuring and other meet the following three conditions are confirmed as estimated liabilities:

- a) The obligation is a present obligation of the company
- b) The fulfillment of this obligation is likely to lead to outflow of economic benefits
- c) The amount of the obligation can be reliably measured

20.2 Measurement

Amount of estimated liabilities are measured at the best estimate of the expenditure for contingent liabilities.

- a) There is a continuous range of expenditure required and the likelihood of various outcomes within the same possibility, the best estimate is determined according to the median within the range.
- b) In other cases, the best estimate is treated separately in the following situations:
 - i. Contingent matters relating to individual projects, confirmed with the amount most likely to be.
 - ii. Contingent matters involve several items, calculated in accordance with all possible outcomes and associated probabilities.

21. Recognition of revenue

Operating revenue of the Company mainly includes revenue from sales of goods, revenue from rendering of service and revenue from transfer of asset use right, for which the recognition principles are as follows:

21.1 Specific criteria for recognition time of revenue from sales of goods

Revenue from sales of goods is recognized when the Company has transferred significant risks and rewards of ownership of the goods to the purchaser; the Company retains neither continuing managerial involvement usually related to the ownership nor effective control over the sold goods; revenues can be measured reliably; the relevant economic benefits are highly likely to flow into the Company; and the relevant costs incurred or to be incurred can be measured reliably.

21.2 Basis and method to recognize the schedule of completion of the contract when recognizing the revenues of rendering of services and construction contracts at percentage of completion method

- a) Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions can be estimated reliably

The Company recognizes revenue from rendering of service using the percentage-of-completion method on the balance sheet date when the outcome of service transactions can be estimated reliably.

When the amount of revenues can be measured reliably, related economic interests are likely to flow into the company, schedule of completion of the transitions can be measured reliably and the cost of transactions incurred or to be incurred can be measured reliably, the outcome of service transactions can be estimated reliably.

- b) Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions cannot be estimated reliably

If the outcome of rendering of services on the balance sheet date cannot be measured reliably, the revenues from rendering of services shall be recognized according to the following three conditions:

- i. If the labor costs that have already incurred can be fully compensated, the revenues from

rendering of services are recognized at the amounts recovered or expected to be recovered and the labor costs that have already incurred shall be carried forward;

- ii. If the labor costs that have already incurred can be partially compensated, the revenues from rendering of services are recognized at the recoverable amounts of compensated labor costs and the labor costs that have already incurred shall be carried forward;
- iii. If it is expected that all the labor costs that have already incurred cannot be compensated, the labor costs that have already incurred are included into the current profit and loss (costs of primary business) and the revenues from rendering of services are not recognized.

21.3 Basis for recognition of revenue from transfer of asset use right

When economic benefits related to transactions are highly likely to flow into the Company and the amount of revenue can be reliably measured, the revenue from transfer of asset use right is recognized.

Specific revenue is recognized as follows:

- a) Loading and unloading income: refers to the income from the company's handling and unloading services including coal and its products, alumina, coke, fertilizer, plywood, steel, iron ore and other goods. According to the flow of goods, it can be divided into foreign trade and domestic trade. Foreign trade handling income is the income obtained by providing port handling services for international trade goods; domestic trade handling income is the income obtained by providing port handling services for domestic trade goods; the confirmation time is when the loading and unloading services are completed and the cargo handling operations are confirmed by both parties.
- b) Stockpiling income: refers to the income that our company obtains from providing customers with the service of stockpiling goods in the port, which is charged according to the storage tonnage days of goods in the port and the charging standard. Storage tonnage days refer to the sum of the quantity of goods stored in a certain period of time and the number of storage days. The number of storage days is calculated from the first day when the goods enter the yard., according to the natural days, the last day does not count.
- c) Port administration income including freight port fee, berthing fee, mooring and unmooring fee, etc. The basis of the charges is the relevant provisions of the Regulations on Port Charges of the Ministry of Communications of the People's Republic of China (Foreign Trade Part) revised by Ministry of Communications Decree No. 11, 2001 and the relevant provisions of Decree No. 8, 2005 of the Ministry of Communications of the People's Republic of China (Domestic Trade Part). The confirmation time of mooring and unmooring fees, berthing fee is the time that ships leave berth at the end of operation. The confirmation time of port charges for goods before 2012 is when both sides confirm the amount of loading and unloading operations and the revenue of loading and unloading. According to the Notice of Jiangsu Provincial Finance Department, Price Bureau and Transport Department on Regulating the Management of Port Charges for Goods (Su Caizong [2011] 43#) and the Port Bureau of Jiangsu Provincial Transport Department on Defining the Port Cargo and Port Administration of Jiangsu Provincial Port Notice on matters related to fee management (Port Delivery [2011] 3#) stipulates that, as of January 1, 2012, port charges for goods shall be adjusted to administrative fees, which shall be levied by the port administration. The port administration shall return 50% of the levied port charges for foreign trade goods to the port operator, and the company shall include them in its non-operating income upon receipt of the refund. According to Jiangsu Provincial Finance Department ,Jiangsu Provincial Price Bureau (Su Caizong [2014] 95#)"Notice on Cancellation of Port Freight Fees Collecting by Transport and Port Administration" from January 1, 2015, the port Freight Fees Collecting by Transport and Port Administration Departments at all levels in Jiangsu Province will be cancelled.

22. Government grants

22.1 Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

22.2 Recognition principles of government grants

Government grants are recognized when all the following conditions are met:

- a) The Company can meet the attached conditions for the government grants;
- b) The Company can receive the grants.

22.3 Measurement of government grants

- a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.
- b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is RMB 1).

22.4 Accounting treatment method of government grants

- a) The government grants related to assets shall be written off the book value of the related assets at the time of acquisition, or recognized as deferred income. Government grants measured as deferred income, allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.
- b) Government grants related to income shall be separately handled according to the following circumstances:
 - i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss during the period of recognition of the relevant expenses or written off the related costs.
 - ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off the related costs.
- c) For the government grants which include the assets related part and the income related part at the same time, if it can be divided into different parts to carry on the accounting treatment separately; if it is difficult to distinguish, the whole is classified as the government grants related to the income.
- d) Government grants related to the daily operation of the company, in accordance with the economic nature of the business, shall be accounted for other income or written off related costs. Government grants which have nothing to do with the daily activities of the enterprise shall be included in the non-operating income. If the department of finance dispenses the interest fund directly to the company, the interest fund shall be offset related borrowing costs.
- e) Recognized government grants required to be refunded shall be handled according to the following circumstances:
 - i. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.
 - ii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

23. Deferred tax assets and deferred tax liabilities

The Company adopts the balance sheet liability method to account for income tax.

23.1 Recognition of deferred tax assets or deferred tax liabilities

- a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b) Recognition basis of deferred tax assets

- i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.
- ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.
- iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill, transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

23.2 Measurement of deferred tax assets or deferred tax liabilities

- a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.
- b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.
- c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.
- d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

24. Accounting treatment of operating lease and financial lease

The Company distinguishes operating lease from financial lease from the beginning day of the lease.

24.1 Financing lease is a lease that essentially transfers all the risks and rewards related to the ownership of the asset.

In terms of the lease agreement signed by the company and the lesser, one of the following conditions is specified, and the fixed asset is confirmed as a financing lease:

- a) The ownership of the leased asset is transferred to the company at the end of the lease term;
- b) Companies have the option to purchase the leased assets, the purchase price is far lower than the fair value of the leased asset selection exercise right of;
- c) Even if the ownership of the asset is not transferred, the lease term accounts for most of the life of the leased asset;
- d) The present value of the minimum lease payments at the beginning of the lease, which is equivalent to the fair value of the leased asset at the beginning of the lease;
- e) Special lease assets, if not for a larger transformation, only the company can use.

24.2 The operating lease is a lease other than a financial lease.

25. Adjustments for changes in major accounting policies and accounting estimates

25.1 Changes in accounting policies

There were no adjustments for changes in major accounting policies in the reporting period.

25.2 Changes in accounting estimates

There were no adjustments for changes in major accounting estimates in the reporting period.

IV. Taxation

1. Major tax types and tax rates

Tax type	Taxation Basis	Tax rate
Value-added tax	sales income	13%、9%、6%
City construction tax	taxable flow tax	7%、5%
Education fee additional tax	taxable flow tax	3%
Local education fee additional tax	taxable flow tax	2%、1%
Income tax	taxable income	25%、15%

Note:

The subsidiary Lianyungang E-port Information Development Co., Ltd. was recognized as a high-tech enterprise on October 24, 2018, with certificate number of GRr201832001563 and validity period of 3 years; Lianyungang port engineering design and Research Institute Co., Ltd. was recognized as a high-tech enterprise on December 2, 2020, with certificate number of GR202032011280 and validity period of 3 years; Jiangsu Xinhang Electric Co., Ltd. was recognized as a high-tech enterprise on December 5, 2019. It is recognized as a high-tech enterprise with certificate No. GR201932007239 and validity period of 3 years. The corporate income tax rate of 15% shall be applied to three high-tech enterprises and 25% shall be applied to other enterprises.

V. Notes to the Main Items of the Financial Statements (All amounts are stated in Rmb Yuan unless otherwise stated)

1. Cash

Items	12/31/2020	12/31/2019
Cash on hand	9,227.09	10,016.75
Cash in bank	2,309,809,215.5	2,494,683,042.10
Other monetary funds	632,943,360.41	670,793,759.61
Total	2,942,761,803.00	3,165,486,818.46

Including: Other monetary fund details are as follow

Items	12/31/2020	12/31/2019
Guarantee deposits	631,203,392.72	670,778,857.19
Deposit in a securities account	1,739,967.69	14,902.42
Total	632,943,360.41	670,793,759.61

2. Financial assets measured at fair value through current profit or loss

Items	12/31/2020	12/31/2019
Trading financial assets:	11,031,850.00	5,699,550.00
Including: derivative financial assets	11,031,850.00	5,699,550.00
Total	11,031,850.00	5,699,550.00

Note: Trading financial assets are futures trading.

3. Notes receivable

3.1 Classification of notes receivable

Items	12/31/2020	12/31/2019
Bank acceptance	607,404,026.99	668,575,008.35
Total	607,404,026.99	668,575,008.35

3.2 As of December 31, 2020, the pledge of notes receivable was zero.

3.3 As of December 31, 2020, the company is not due to the issuer's inability to perform the contract and will turn the notes to accounts receivable.

4. Accounts receivable

4.1 Classification of accounts receivable

Category	12/31/2020				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Accounts receivables with significant single amount and tested for impairment individually					
Accounts receivables tested for impairment on a portfolio basis	5,579,037,834.82	100.00	322,098,906.96	5.77	5,256,938,927.86
Aging portfolios	4,646,413,077.76	83.28	322,098,906.96	6.93	4,324,314,170.80
Other portfolios	932,624,757.06	16.72			932,624,757.06
Accounts receivables with insignificant single amount but tested for impairment individually					
Total	5,579,037,834.82	100.00	322,098,906.96	5.77	5,256,938,927.86

Continued on the table

Category	12/31/2019				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Accounts receivables with significant single amount and tested for impairment individually					
Accounts receivables tested for impairment on a portfolio basis	5,289,284,603.12	100.00	286,009,482.58	5.41	5,003,275,120.54
Aging portfolios	4,289,823,176.63	81.10	286,009,482.58	6.67	4,003,813,694.05
Other portfolios	999,461,426.49	18.90			999,461,426.49

Category	12/31/2019				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Accounts receivables with insignificant single amount but tested for impairment individually					
Total	5,289,284,603.12	100.00	286,009,482.58	5.41	5,003,275,120.54

As for aging portfolios, the Company makes bad debt provisions:

Aging	12/31/2020			12/31/2019		
	Carrying amount	Bad debt provision	%	Carrying amount	Bad debt provision	%
Within 1 year	4,214,307,564.25	210,715,378.21	5	3,928,045,388.43	196,402,269.42	5
1-2 year	275,851,463.38	27,585,146.34	10	233,093,365.87	23,309,336.59	10
2-3 year	64,979,964.59	19,493,989.38	30	49,986,643.06	14,995,992.92	30
3-4 year	25,684,146.38	10,273,658.55	40	28,903,455.32	11,561,382.13	40
4-5 year	23,118,409.36	11,559,204.68	50	20,107,644.87	10,053,822.44	50
Over 5 year	42,471,529.80	42,471,529.80	100	29,686,679.08	29,686,679.08	100
Total	4,646,413,077.76	322,098,906.96	6.93	4,289,823,176.63	286,009,482.58	6.67

As for other portfolios, provision for bad debts was not made.

4.2 Top five entities with the largest balances of the account receivables

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Port Public Property Management Co., Ltd.	Related party	365,490,769.80	2-3 year	6.55	
Lianyungang Port Holding Group Xuwei Co., Ltd.	Related party	321,382,379.15	1-2 year	5.76	
Lianyungang Golden Coast Development and Construction Co., Ltd.	Related party	245,751,608.11	1-2 year	4.40	
CCCC Shanghai Waterway Survey and Design Institute Co., Ltd	Non related party	75,258,497.50	Within 1 year	1.35	3,762,924.88
Haimen South Yellow Sea Construction Development Co., Ltd	Non related party	58,447,296.00	Within 1 year	1.05	2,922,364.80
Total		1,066,330,550.56		19.11	6,685,289.68

5. Advances to suppliers

5.1 Aging analysis

Aging	12/31/2020		12/31/2019	
	Amount	%	Amount	%
Within 1 year	1,194,959,846.60	79.74	1,163,713,807.16	78.32
1-2 year	135,805,179.95	9.06	147,903,401.00	9.95
2-3 year	100,807,014.84	6.73	99,095,238.73	6.67
Over 3 year	67,036,510.08	4.47	75,054,736.92	5.06
Total	1,498,608,551.47	100.00	1,485,767,183.81	100.00

5.2 Top five entities with the largest balances of prepayments

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)	Unsettled reason
Lianyungang Xinchuntong New Material Co., Ltd	Non related party	238,850,517.12	Within 1 year	15.94	Not yet settled
Shanghai Cooperation Organization (Lianyungang) International Logistics Park Management Committee	Non related party	84,885,766.00	Within 1 year 23,688,768.30; 1-2 year 42,838,693.26	5.66	Not yet settled
Lianyungang east station of Xuzhou freight center of China Railway Shanghai Bureau Group Co., Ltd	Non related party	66,527,461.56	Within 1 year	4.44	Not yet settled
Lianyungang Jinneng Logistics Co., Ltd	Non related party	58,988,058.28	Within 1 year	3.94	Not yet settled
Baosteel Resources Holdings (Shanghai) Co., Ltd	Non related party	21,860,000.00	Within 1 year	1.46	Not yet settled
Total		471,111,802.96		31.44	

6. Other receivables

6.1 Category

Items	12/31/2020	12/31/2019
Interests receivable	4,494,000.00	19,070,370.33
Dividends receivable		27,950,000.00
Other receivables	7,456,328,730.03	6,132,509,830.37
Total	7,460,822,730.03	6,179,530,200.70

6.2 Interest receivable

Items	12/31/2020	12/31/2019
Interest on structured deposits	4,494,000.00	19,070,370.33
Total	4,494,000.00	19,070,370.33

6.3 Dividend receivable

Items	12/31/2020	12/31/2019	Aging	Overdue reason	Whether impair and determination basis
Lianyungang Wanbang Bulk Cargo Logistics Co., Ltd.		1,950,000.00			
Lianyungang New Coast Real Estate Development Company		26,000,000.00			
Total		27,950,000.00			

6.4 Other receivables

a) Classification of other receivable

Category	12/31/2020				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	7,708,693,571.07	100.00	252,364,841.04	3.27	7,456,328,730.03
Aging portfolios	2,299,531,298.14	29.83	252,364,841.04	10.97	2,047,166,457.10
Other portfolios	5,409,162,272.93	70.17			5,409,162,272.93
Other receivables with insignificant single amount but tested for impairment individually					
Total	7,708,693,571.07	100.00	252,364,841.04	3.27	7,456,328,730.03

Continued on the table

Category	12/31/2019				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	6,314,528,207.00	100.00	182,018,376.63	2.88	6,132,509,830.37
Aging portfolios	1,673,320,491.19	26.50	182,018,376.63	10.88	1,491,302,114.56
Other portfolios	4,641,207,715.81	73.50			4,641,207,715.81
Other receivables with insignificant single amount but tested for impairment individually					
Total	6,314,528,207.00	100.00	182,018,376.63	2.88	6,132,509,830.37

As for aging portfolios, the Company makes bad debt provisions:

Aging	12/31/2020			12/31/2020		
	Carrying amount	Bad debt provision	%	Carrying amount	Bad debt provision	%
Within 1 year	1,268,447,982.01	63,422,399.10	5	825,091,649.25	41,254,582.46	5.00
1-2 year	726,258,824.77	72,625,882.48	10	706,753,490.65	70,675,349.07	10.00
2-3 year	219,245,477.09	65,773,643.13	30	67,082,289.09	20,124,686.73	30.00
3-4 year	41,611,923.68	16,644,769.47	40	23,778,109.45	9,511,243.78	40.00
4-5 year	20,137,887.46	10,068,943.73	50	20,324,876.32	10,162,438.16	50.00
Over 5 year	23,829,203.13	23,829,203.13	100	30,290,076.43	30,290,076.43	100.00
Total	2,299,531,298.14	252,364,841.04	10.97	1,673,320,491.19	182,018,376.63	10.88

As for other portfolios, the parent company of the company and its subsidiaries within the scope of merger, provision for bad debts was not made.

b) Classification of other receivables by nature

Nature of payment	12/31/2020	12/31/2019
Related transactions	5,409,162,272.93	4,641,207,715.81
Security deposit	39,168,063.30	23,057,669.57
Petty cash	12,997,439.76	10,502,132.97
Loan	1,689,128,356.21	1,172,654,517.47
Other receivables	558,237,438.87	467,106,171.18
Total	7,708,693,571.07	6,314,528,207.00

c) Top five entities with the largest balances of the account receivables

Company name	Business content	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Port Holding Group Co., Ltd.	Related contacts	1,786,168,043.34	Within 1 year 844,500,000; 1-2year 785,486,791.72, 2-3year 156,181,251.62	23.17	
Jiangsu Golden Harbour Investment Co., Ltd.	Related contacts	1,782,978,400.00	Within 1 year 462,841,746.11; 1-2year 1,320,136,653.89	23.13	
Lianyungang Port Holding Group Xu Wei Co., Ltd.	Related contacts	1,255,171,185.61	Within 1 year 354,250,146.71; 1-2year 828,719,969.9; 2-3year 68,081,466.94; 3-4year 4,119,602.06	16.28	
Lianyungang Xuwei Port Investment Co., Ltd.	Non-related contacts	790,200,000.00	Within 1 year	10.25	104,510,000.00

Company name	Business content	Amount	Aging	Proportion in the total (%)	Bad debt provision
			290,200,000; 1-2year 300,000,000; 2-3year 200,000,000		
Lianyungang Golden Orient Port Investment Co., Ltd.	Non-related contacts	547,310,000.00	Within 1 year 247,310,000; 1-2year 300,000,000	7.10	42,365,500.00
Total		6,161,827,628.95		79.93	46,875,500.00

7. Inventories

7.1 Categories of Inventory

Items	12/31/2020			12/31/2019		
	Cost	Provision for inventory write-down	Net value	Cost	Provision for inventory write-down	Net value
Raw materials	50,426,309.86	123,518.37	50,302,791.49	57,883,414.61	123,518.37	57,759,896.24
Development cost	1,500,487,744.45		1,500,487,744.45	510,206,050.70		510,206,050.70
Develop products	234,489,792.42		234,489,792.42	234,842,762.22		234,842,762.22
Finished goods	475,073,683.66	8,196,481.63	466,877,202.03	267,657,285.22	8,196,481.63	259,460,803.59
Circulation material	55,920.20		55,920.20	55,920.20		55,920.20
Construction works	196,534,773.29		196,534,773.29	236,055,126.12		236,055,126.12
Total	2,457,068,223.88	8,320,000.00	2,448,748,223.88	1,306,700,559.07	8,320,000.00	1,298,380,559.07

6.2 Provision for decline in value of inventories

Category	12/31/2019	Increases in current period		Decreases in current period		12/31/2020
		provision	Other	Reversal as increase of asset value	Other	
Raw material	123,518.37					123,518.37
Finished goods	8,196,481.63					8,196,481.63
Total	8,320,000.00					8,320,000.00

8. Other current assets

Items	12/31/2020	12/31/2019
Input VAT allowances	463,463,082.60	390,276,720.73
Bank financial products	377,916,863.99	2,790,452,984.18
Loan by mandate	26,000,000.00	27,000,000.00
Prepaid income tax	1,767,979.69	1,468,738.47
Other	20,429.55	42,948.75
Total	869,168,355.83	3,209,241,392.13

9. Available-for-sale financial assets

9.1 Details of available-for-sale financial assets

Item	12/31/2020			12/31/2019		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Available-for-sale equity instruments	100,816,666.55		100,816,666.55	47,288,476.13		47,288,476.13
Including:						
Measured by fair value	33,544,090.06		33,544,090.06	35,515,899.64		35,515,899.64
Measured by cost	67,272,576.49		67,272,576.49	11,772,576.49		11,772,576.49
Others						
Total	100,816,666.55		100,816,666.55	47,288,476.13		47,288,476.13

9.2 Available-for-sale financial assets measured by cost at period end

Investee	Book Balance			
	12/31/2019	Increase in Current Period	Decrease in Current Period	12/31/2020
Lianyungang Yu Sheng Da Co., Ltd.	50,000.00			50,000.00
Lianyungang Broad Asia logistics Co., Ltd.	3,100,000.00			3,100,000.00
Lianyungang Jinrun logistics Co., Ltd.	7,422,576.49			7,422,576.49
Wuxi Ruigang Hotel Co., Ltd.	1,200,000.00			1,200,000.00
Jiangsu Lianyungang International Logistics Park Investment Co., Ltd		37,500,000.00		37,500,000.00
Jiangsu International Freight Train Co., Ltd		18,000,000.00		18,000,000.00
Total	11,772,576.49	55,500,000.00		67,272,576.49

Continued on the table

Investee	Provision for impairment				Proportion of Equity Held in Investee (%)	Current Period Cash dividends
	12/31/2019	Increase in Current Period	Decrease in Current Period	12/31/2020		
Lianyungang Yu Sheng Da Co., Ltd.					12.20	
Lianyungang Broad Asia logistics Co., Ltd.					4.56	
Lianyungang Jinrun logistics Co., Ltd.					5.00	
Wuxi Ruigang Hotel Co., Ltd.					17.14	
Jiangsu Lianyungang International Logistics Park Investment Co., Ltd					2.50	
Jiangsu International Freight Train Co., Ltd					9.00	
Total						

9.3 Available-for-sale financial assets measured by fair value at period end

Classification of available for sale financial assets	Available for sale equity instruments	Available for sale debt instruments	Total
Cost of equity instruments / Amortized costs of debt instruments	11,760,000.00		11,760,000.00
Fair value	33,544,090.06		33,544,090.06
Accumulated gains or losses arising from changes in fair value of available-for-sale financial assets	21,784,090.06		21,784,090.06
Provision for impairment			

Note: The company held 4,905,511 shares of Bank of Jiangsu, the market value was 5.46 yuan per share, and the final fair value was 26,784,090.06 yuan. In 2020, The company has received 1,471,653 shares issued by Bank of Jiangsu, with the price of 4.59 yuan and the cost of 6,760,000.00 yuan.

10. Long-term receivables

Item	12/31/2020			12/31/2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Finance lease	447,849,010.88		447,849,010.88	456,462,141.33		456,462,141.33
Less: Unrealized Financing Profits	95,237,024.84		95,237,024.84	130,959,120.37		130,959,120.37
Total	352,611,986.04		352,611,986.04	325,503,020.96		325,503,020.96

11. Long-term equity investment

Investee	12/31/2019	Changes in Current Period							12/31/2020	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment		
in Joint Venture										
Lianyungang Sino Korea Ferry Co. Ltd	59,296,417.25			7,451,425.49						-66,747,842.74
Lianyungang Ferry Co. Ltd	1,849,823.09			134,236.59	-26,553.47					-1,957,506.21
Subtotal	61,146,240.34			7,585,662.08	-26,553.47					-68,705,348.95
(2)Associated Enterprise										
Lianyungang Qianhong Petrochemical warehousing Co. Ltd.	38,566,804.71			5,026.18						38,591,830.89
Fengyi Oil Technology (Lianyungang) Co., Ltd.	91,113,237.82			9,641,351.44						100,754,589.26
Yi Hai (Lianyungang) grain and Oil Co., Ltd.	121,615,131.70			70,882,334.54	1,830,583.66					194,328,049.90
Lianyungang Zhonglian tallying Co	3,895,373.88			2,401,506.98		63,436.65	2,185,888.69			4,174,428.62
Lianyungang Port international Petrochemical Storage Co., Ltd.	54,719,433.74			-9,669,585.42						45,029,848.32
Sasol Yihai (Lianyungang) Alcohol Industry Co Ltd.	31,134,511.94			2,567,748.16						33,702,260.10
Lianyungang Xinyi international freight forwarding Co., Ltd	665,959.51									665,959.51
Lianyungang Harbor Travel Company	250,000.00									250,000.00

Investee	12/31/2019	Changes in Current Period						12/31/2020	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared		
Lianyungang Sino-foreign Transport International Logistics Co., Ltd.	56,002,278.16			-855,982.89				55,146,295.27	
Lianyungang New Century Petrochemical Co., Ltd.	95,289,021.83			3,277,441.67				98,566,463.50	
New Land Bridge (Lianyungang) Terminal Co., Ltd.	182,964,373.22			15,282,925.71			4,854,061.22	193,263,237.71	
Lianyungang New Oriental International Container Terminal Co., Ltd.	378,956,602.88			41,672,330.02			45,000,000.00	375,628,932.90	
Lianyungang Shihua crude oil terminal Co., Ltd.	9,790,513.40			-36,642.96				9,753,870.44	
Lianyungang Tianjia International Logistics Co., Ltd.		400,000.00		-47,072.33				352,927.67	
Lianyungang Wانبانg Bulk Cargo Logistics Co., Ltd.	63,093,144.91			10,877,205.21				73,970,350.12	
Huailian East China International Logistics Co., Ltd.	2,670,349.43							2,670,349.43	
Henan Zhong Yun Logistics Co., Ltd.	4,756,767.20		4,756,767.20						
Shanxi Lian Fang International Logistics Co., Ltd.	8,729,446.38							8,729,446.38	
Jiangsu Huaiqiang Import & Export Co. Ltd.	24,869,673.82		24,869,673.82						
Lianyungang Jimeng Logistics Co., Ltd.	6,471,062.24			352,751.15				8,823,813.40	
Lianyungang Lianhe New Building Materials Technology Co., Ltd.	5,721,684.96			-18,544.01				5,703,140.95	

Investee	12/31/2019	Changes in Current Period							12/31/2020	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment		
Hibbc express project investment	265,095,600.00				-17,149,400.00				247,946,200.00	
Lianyungang Gangbe International Multimodal Transport Co., Ltd	2,353,555.61			11,938.52					2,365,494.13	
Lianyungang Yuangang Logistics Co., Ltd.	21,974,418.44			-913,027.05			2,737,001.71		18,324,395.68	
Lianyungang Ocean Shipping Agency Ltd.	27,124,194.23			4,895,003.48			4,844,387.80		27,174,809.91	
Jiangsu new Coast International Logistics Co., Ltd	33,590,613.95			385,270.27					33,975,884.22	
Lianyungang Xinaoqiang Clean Energy Co., Ltd.	4,285,693.08			255,137.66					4,540,830.75	
Jiangsu Xinwei Multimodal transport Co., Ltd	38,592,354.64			-4,125,448.25					34,466,906.39	
Lianyungang Friendship Hotel										3,104,949.50
Subtotal	1,576,311,801.69	400,000.00	29,626,441.02	146,797,668.09	-15,318,816.34	63,436.66	59,721,339.42		1,618,900,309.65	
Total	1,637,458,042.03	400,000.00	29,626,441.02	154,377,330.17	-15,345,369.81	63,436.66	59,721,339.42	-68,705,348.95	1,618,900,309.65	3,104,949.50

Note: Lianyungang China Korea ferry Co., Ltd. and Lianyungang ferry Co., Ltd. once were joint ventures. With the change of equity in the current period, the proportion of equity investment was changed from 50% to 75%, and the joint venture was changed into a holding subsidiary, which was included in the scope of merger in the current period and resulting in the decrease 68,705,348.95 of long-term equity investment in the merger.

12. Investment properties

12.1 Investment property using cost model

Item	Properties and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	102,199,642.74	848,650,813.05	950,850,455.79
2. Addition this period	923,878.00		923,878.00
(1) Purchase			
(2) Transfer from construction in progress			
(3) Increase from business combination			
(4) Other	923,878.00		923,878.00
3. Decrease this period			
(1) Disposal			
(2) Decrease from business combination			
(3) Other transfer out			
4. Closing balance	103,123,520.74	848,650,813.05	951,774,333.79
II. Accumulated depreciation and amortization			
1. Opening balance	16,400,187.49	112,278,409.17	128,678,596.66
2. Addition this period	2,621,870.35	20,899,633.25	23,521,503.60
(1) Provision or amortization	2,621,870.35	20,899,633.25	23,521,503.60
(2) Other			
3. Decrease this period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	19,022,057.84	133,178,042.42	152,200,100.26
III. Provision for impairment			
IV. Book value			
1. Closing book value	84,101,462.90	715,472,770.63	799,574,233.53
2. Opening book value	85,799,455.25	736,372,403.88	822,171,859.13

13. Fixed assets

13.1 Category

Items	12/31/2020	12/31/2019
Fixed Assets	14,918,939,797.60	14,894,421,494.10
Disposal of fixed assets		
Total	14,918,939,797.60	14,894,421,494.10

13.2 Details of Fixed Assets

Item	Ships for the port	Vehicle	Loading and unloading machine	Harbor facilities	Warehouses and open yard facilities	Communication and navigation equipment	Machinery and equipment	Production houses	Buildings	Other production tools	Non-production machinery and tools	Non-production houses	Total
I. Original cost of fixed assets													
1. Opening Balance	1,201,316,726.35	261,296,475.63	2,079,079,500.00	5,127,093,033.26	1,563,387,654.03	37,522,426.63	2,197,384,357.71	5,560,339,381.03	1,151,861,486.67	158,949,486.18	326,753,511.17	263,106,308.38	20,945,187,392.64
2. Increase in current period	62,176,651.56	43,140,386.46	13,386,349.28	21,570,812.36	26,617,555.27	2,719,338.25	567,417,862.03	246,567,288.65	58,277,203.94	716,860.82	30,328,662.74	16,471,362.91	1,111,451,134.58
(1) External purchase		8,809,629.77	1,891,398.28		941,637.23	242,548.68	41,897,299.51	9,912,610.57	30,472.90		14,516,049.48	1,696,407.63	78,137,154.05
(2) Transfer from construction in progress	62,176,651.56	1,459,400.45	10,519,457.47	21,570,812.35	27,382,360.28		31,495,443.31	70,401,605.38	55,681,769.48	560,793.64	366,876.64		281,504,210.78
(3) Business combination		32,871,936.24	1,175,403.53		363,537.76	2,476,789.57	514,115,139.21	166,254,073.00	2,615,494.46	125,594.28	15,443,756.42	15,375,955.28	750,800,769.75
(4) Others													
3. Decrease in current period	24,815,256.15	20,514,038.71	12,945,648.50	75,174,693.91			66,707,158.46	16,234,291.96	18,283,773.12	69,791.18	33,926,115.46	150,000.00	268,821,367.45
(1) Disposal or scrap		16,438,262.17	12,913,340.81	821,440.61			48,521,981.06	12,778,171.42			17,435,673.80		108,908,659.89
(2) Business combination	24,815,256.15	4,076,598.54	32,307.69	74,353,663.30			18,185,177.36	3,466,120.54	18,283,773.12	69,791.18	16,490,441.66	150,000.00	158,912,307.58
(3) Others													
4. Closing Balance	1,238,678,121.76	283,922,823.38	2,079,520,200.78	6,073,469,351.70	1,611,965,209.30	40,241,764.88	2,718,295,211.26	5,790,669,378.02	1,191,654,979.49	159,596,598.62	323,196,078.45	279,427,671.29	21,790,817,149.17
II. Accumulated depreciation													
1. Opening Balance	588,514,273.82	192,190,712.31	1,015,825,353.70	1,048,688,358.81	319,628,769.53	28,642,070.23	1,170,514,152.87	1,230,229,344.30	130,132,820.64	80,376,932.87	222,100,375.26	55,918,662.58	6,053,765,687.54
2. Increase in current period	61,267,278.98	35,266,032.17	117,417,831.31	135,061,912.51	38,851,011.32	2,860,294.73	261,281,150.57	166,681,966.66	37,783,716.35	16,895,599.24	38,960,235.54	18,534,858.03	951,262,468.31
(1) Provision	61,267,278.98	15,515,925.36	117,417,831.31	131,808,852.87	38,731,699.84	1,954,904.21	151,521,510.88	129,134,196.22	35,878,419.38	16,746,475.83	28,309,022.92	8,337,329.03	738,618,046.45

Item	Ships for the port	Vehicle	Loading and unloading machine	Harbor facilities	Warehouses and open yard facilities	Communication and navigation equipment	Machinery and equipment	Production houses	Buildings	Other production tools	Non-production machinery and tools	Non-production houses	Total
(2) Business combination		19,770,708.79		1,273,059.64	119,311.48	1,005,390.52	129,739,639.69	37,947,769.74	1,865,298.97	165,114.41	10,650,612.02	10,107,529.00	212,644,421.86
(3) Others													
3. Decrease in current period	22,207,309.04	17,609,693.37	12,426,458.23	681,023.76			51,246,773.05	5,600,473.10	4,963,008.94	47,672.72	18,354,229.81	103,482.66	133,151,004.68
(1) Disposal or scrap		15,866,287.54	12,422,380.25	510,190.12			45,023,618.86	4,826,129.57			16,861,922.71		86,510,529.05
(2) Business combination	22,207,309.04	1,743,405.83	4,077.98	170,913.64			6,223,154.19	774,343.53	4,963,608.94	47,672.72	1,462,307.10	103,482.66	37,640,475.63
(3) Others													
4. Closing Balance	597,574,243.36	209,867,651.11	1,120,826,766.78	1,184,095,168.56	358,479,780.85	31,602,364.96	1,400,528,530.39	1,297,610,828.16	162,832,928.05	97,218,659.39	242,796,281.01	74,350,057.95	6,871,877,351.57
III. Impairment provision													
IV. Carrying Amount													
1. Closing carrying amount	941,103,878.42	74,054,872.27	958,659,434.00	4,889,400,183.14	1,253,485,426.45	6,639,399.92	1,317,796,690.89	4,399,058,549.86	1,028,922,051.44	63,377,508.43	80,359,697.44	205,077,613.34	14,818,939,797.60
2. Opening carrying amount	642,802,482.53	69,105,763.32	1,063,244,196.30	5,077,404,673.45	1,283,658,884.50	8,880,356.40	1,027,070,234.84	4,330,197,036.73	1,021,728,668.03	78,578,556.31	104,653,135.89	207,187,625.80	14,894,421,464.10

14. Construction in progress

14.1 Category

Items	12/31/2020	12/31/2019
construction in progress	18,045,579,447.31	17,824,916,508.70
Construction supplies		
Total	18,045,579,447.31	17,824,916,508.70

14.2 Details of the construction in progress

Items	12/31/2020			12/31/2019		
	Cost	Impairment provision	Net value	Cost	Impairment provision	Net value
Yanwei Port Area project	445,181,274.83		445,181,274.83	362,127,001.96		362,127,001.96
New Gulf Pier construction	14,525,093.57		14,525,093.57	12,975,192.90		12,975,192.90
Xinsu Port Pier construction	282,044,722.90		282,044,722.90	377,507,523.35		377,507,523.35
Logistics land bridge bonded warehouse project	67,819,437.69		67,819,437.69	48,838,393.19		48,838,393.19
Special railway line for Middle Yantai Logistics Park	1,053,479,031.79		1,053,479,031.79	890,918,956.45		890,918,956.45
Xuwei Port Area Phase I project	765,573,431.11		765,573,431.11	754,269,856.38		754,269,856.38
decoration project of "Zhongliang Yuxie "				59,075,512.10		59,075,512.10
Decoration project of "striving for Yungang"				1,509,698.33		1,509,698.33
Shanghai mortgage asset decoration project	24,092,490.04		24,092,490.04	25,482,790.04		25,482,790.04
Technical improvement project of 68# berths taking into account both passenger and roll functions	64,947,659.75		64,947,659.75	55,657,415.41		55,657,415.41
Renovation project of berth 33 in Lianyungang Port	18,262,198.46		18,262,198.46	16,293,633.67		16,293,633.67
New Silo Construction	351,073,246.09		351,073,246.09	331,382,832.55		331,382,832.55
Shanghe Logistics Park	2,824,339,603.85		2,824,339,603.85	2,824,339,603.85		2,824,339,603.85
Logistics Industrial Park Phase II project	204,745,259.70		204,745,259.70	178,935,602.65		178,935,602.65
Port dredging project in Jingang Bay	2,690,143,752.68		2,690,143,752.68	4,086,003,232.42		4,086,003,232.42
Tug				44,634,659.52		44,634,659.52
Stacking in Ganyu port area	69,169,738.45		69,169,738.45	66,502,179.99		66,502,179.99
Wide gauge railway special line	28,354,995.00		28,354,995.00	28,354,995.00		28,354,995.00
Breakwater and Wharf Works in Qitai operation area	1,522,669,541.55		1,522,669,541.55	1,508,495,636.40		1,508,495,636.40
Relocation project of No.79 Navy Brigade	743,504,995.70		743,504,995.70	709,018,548.84		709,018,548.84
Auxiliary works of Haibin Avenue port area	428,172,174.42		428,172,174.42	428,172,174.42		428,172,174.42
Reconstruction project of passenger station -- international passenger station	395,932,031.73		395,932,031.73	395,932,031.73		395,932,031.73
Phase I project of container terminal in Dadi port area	499,135,723.92		499,135,723.92	376,694,946.78		376,694,946.78
Internal special railway project of liquid bulk cargo berth in Qitai operation area	410,376,652.13		410,376,652.13	414,973,745.43		414,973,745.43
Port support system	415,302,550.04		415,302,550.04	414,331,759.34		414,331,759.34
Xuwei east port area pipe gallery foundation project	171,880,591.51		171,880,591.51	342,035,336.16		342,035,336.16

Items	12/31/2020			12/31/2019		
	Cost	Impairment provision	Net value	Cost	Impairment provision	Net value
Shanghe Logistics Park Railway loading and unloading station project	292,535,494.60		292,535,494.60	145,957,201.70		145,957,201.70
Berth project of Xuwei port area	1,021,510,786.72		1,021,510,786.72	678,948,608.76		678,948,608.76
North port area freight yard project	497,351,813.02		497,351,813.02	495,037,927.63		495,037,927.63
East port area freight yard project	488,447,273.79		488,447,273.79	298,356,540.90		298,356,540.90
Land Formation in Dam Working Area	293,939,464.83		293,939,464.83	195,188,476.85		195,188,476.85
Renovation project of main port area	951,133,910.56		951,133,910.56	854,024,942.59		854,024,942.59
Lianyungang central freight station project	573,289,414.90		573,289,414.90			
New Coast - xishuwan A10 building decoration project	45,731,776.94		45,731,776.94	45,731,776.94		45,731,776.94
Miaoling phase III pier	6,669,998.84		6,669,998.84	6,669,998.84		6,669,998.84
Sino Kazakhstan logistics station project	724,590.52		724,590.52	2,686,792.46		2,686,792.46
Others	383,518,725.68		383,518,725.68	347,850,983.17		347,850,983.17
Total	18,045,579,447.31		18,045,579,447.31	17,824,916,508.70		17,824,916,508.70

14.3 Main construction in progress

Name of project	12/31/2019	Increase	Decrease		12/31/2020
			Turn to fixed assets	Turn to Investment properties	
Yanwei Port Area project	362,127,001.96	83,054,272.87			445,181,274.83
New Gulf Pier construction	12,975,192.90	1,549,900.67			14,525,093.57
Xinsu Port Pier construction	377,507,523.35	116,297,464.72	151,728,845.97	60,031,419.20	282,044,722.90
Logistics land bridge bonded warehouse project	48,838,393.19	22,276,738.08	3,295,693.58		67,819,437.69
Special railway line for Middle Yantai Logistics Park	890,918,956.45	162,560,075.34			1,053,479,031.79
Xuwei Port Area Phase I project	754,269,856.38	11,303,574.73			765,573,431.11
decoration project of "Zhongliang Yuxie "	59,075,512.10			59,075,512.10	
Decoration project of "striving for Yungang"	1,509,698.33			1,509,698.33	
Shanghai mortgage asset decoration project	25,482,790.04	819,700.00		2,210,000.00	24,092,490.04
Technical improvement project of 68# berths taking into account both passenger and roll functions	55,657,415.41	9,290,244.34			64,947,659.75
Renovation project of berth 33 in Lianyungang Port	16,293,633.67	1,968,564.79			18,262,198.46
New Silo Construction	331,382,832.55	19,690,413.54			351,073,246.09
Shanghe Logistics Park	2,824,339,603.85				2,824,339,603.85
Logistics Industrial Park Phase II project	178,935,602.65	25,809,657.05			204,745,259.70
Port dredging project in Jingang Bay	4,086,003,232.42	112,185,535.58	8,593,343.44	1,499,451,671.88	2,690,143,752.58
Tug	44,634,659.52	17,541,992.06	62,176,651.58		
Stacking in Ganyu port area	66,502,179.99	3,029,612.66	362,054.20		69,169,738.45
Wide gauge railway special line	28,354,995.00				28,354,995.00
Breakwater and Wharf Works in Qitai operation area	1,508,495,636.40	14,173,905.15			1,522,669,541.55
Relocation project of No.79 Navy Brigade	709,018,548.84	34,486,446.86			743,504,995.70

Name of project	12/31/2019	Increase	Decrease		12/31/2020
			Turn to fixed assets	Turn to investment properties	
Auxiliary works of Haibin Avenue port area	377,262,910.02	50,909,264.40			428,172,174.42
Reconstruction project of passenger station -- international passenger station	395,932,031.73				395,932,031.73
Phase I project of container terminal in Dadi port area	497,470,390.65	1,665,333.27			499,135,723.92
Internal special railway project of liquid bulk cargo berth in Qitai operation area	414,973,745.43			4,597,093.30	410,376,652.13
Port support system	414,331,759.34	970,790.70			415,302,550.04
Xuwei east port area pipe gallery foundation project	342,035,336.16			170,154,744.65	171,880,591.51
Shanghe Logistics Park Railway loading and unloading station project	145,957,201.70	146,578,292.90			292,535,494.60
Berth project of Xuwei port area	510,331,441.31	511,179,345.41			1,021,510,786.72
North port area freight yard project	495,037,927.63	2,313,885.39			497,351,813.02
East port area freight yard project	298,356,540.90	190,090,732.89			488,447,273.79
Land Formation in Dam Working Area	293,939,464.83				293,939,464.83
Renovation project of main port area	654,024,942.59	97,108,967.97			951,133,910.56
Lianyungang central freight station project		573,289,414.90			573,289,414.90
New Coast - xishuwan A10 building decoration project	45,731,776.94				45,731,776.94
Miaoling phase III pier	6,669,998.84				6,669,998.84
Sino Kazakhstan logistics station project	2,686,792.46		1,962,201.94		724,590.52
Others	347,850,983.17	89,053,162.58	53,385,420.07		383,518,725.68
Total	17,824,916,508.70	2,299,197,288.85	281,504,210.78	1,797,030,139.46	18,045,579,447.31

Note: Current capital of interest expenses was 488,625,968.32 yuan.

15. Intangible asset

Item	Land use rights	patent right	Right to use sea areas	Software	Total
I. Original book value of intangible assets					
1. Opening Balance	3,929,691,857.06	940,202.76	127,580,389.00	173,718,690.38	4,231,931,139.20
2. Increase in current period	118,898.67	73,002.62		26,094,233.57	26,286,134.86
(1) External purchase		73,002.62		4,907,538.66	4,980,541.28
(2) Internal research and development					
(3) Business combination	118,898.67			15,254,769.89	15,373,668.56
(4) Other				5,931,925.02	5,931,925.02
3. Decrease in current period	527,553,818.84			2,148,026.56	529,701,845.40
(1) Disposal				1,663,134.00	1,663,134.00
(2) Business combination	527,553,818.84			484,892.56	528,038,711.40
(3) Other					
4. Closing Balance	3,402,256,936.89	1,013,205.38	127,580,389.00	197,664,897.39	3,728,515,428.66
II. Accumulated amortization of intangible assets					
1. Opening Balance	436,675,610.94	822,382.61	24,062,993.44	73,958,235.36	535,519,222.35

Item	Land use rights	patent right	Right to use sea areas	Software	Total
2. Increase in current period	74,776,549.10	28,532.56	2,781,999.72	20,941,051.29	98,528,132.67
(1) Provision	74,776,549.10	28,532.56	2,781,999.72	18,968,524.77	96,555,606.15
(2) Business combination				1,972,526.52	1,972,526.52
(3) Other					
3. Decrease in current period	1,145,271.38			1,823,360.44	2,968,631.82
(1) Disposal				1,663,134.00	1,663,134.00
(2) Business combination	1,145,271.38			160,226.44	1,305,497.82
(3) Other					
Closing Balance	510,306,888.66	850,915.17	26,844,993.16	93,075,926.21	631,078,723.20
III. Provision for fixed asset impairment					
IV. Net value of intangible assets					
Closing Book Value	2,891,950,048.23	162,290.21	100,735,395.84	104,588,971.18	3,097,436,705.46
Opening Book Value	3,493,016,246.12	117,820.15	103,517,395.56	99,760,455.02	3,696,411,916.85

Note: Other increase of software in this period was transferred from construction in progress.

16. Long-term prepaid assets

Item	12/31/2019	Increase	Decrease		12/31/2020
			Amortization	Others	
Gantry crane moving charge	275,332.99		275,332.99		
67-69# Berth upgrade and transformation fee	20,247,861.40		5,282,050.80		14,965,810.60
Renovation costs for office or rental housing	5,728,421.74		1,858,369.82		3,870,051.92
New Oriental Wharf Maintenance Cost	6,185,812.64	224,064.30	1,766,064.12		4,643,812.82
Transfer fee of three supply and one industry of Lianyungang Lianyun District Finance Bureau		30,000,000.00	750,000.00		29,250,000.00
Dredging and maintenance project of naval wharf basin and berth		22,821,625.83	806,498.47		22,015,127.36
Dredging project of Xinsu port wharf		60,031,419.20	5,002,618.22		55,028,800.98
rent for parking spaces	2,669,921.18		301,191.94		2,368,729.24
Reconstruction project of Hou Gong building	446,140.06		64,502.16		381,637.90
Overhaul of Dual-purpose Machine in Dongliang Wharf	2,816,923.97		99,322.32		2,717,601.65
Maintenance and Renovation Project for Material and Goods Yard	885,623.48		476,099.76		409,523.72
Land bridge new warehouse relocation project	11,016,585.71		574,731.60		10,441,854.11
Rent of New Oriental facade crane	93,333.36	280,000.00	256,666.95		116,666.41
Dredging cost	34,477,304.33	4,101,619.70	7,216,176.51		31,362,747.52
Others	2,830,004.90	287,676.06	46,686.48		3,070,994.48
Total	87,673,265.76	117,746,405.09	24,776,312.14		180,643,358.71

17. Deferred income tax assets

17.1 Details of recognized deferred income tax assets

Items	12/31/2020		12/31/2019	
	Temporary differences	Deferred income tax assets	Temporary differences	Deferred income tax assets
Bad debt provision	574,463,748.00	143,017,217.55	468,027,859.21	116,797,933.58
Education funds	970,705.38	145,605.81		
Provision for long-term equity investment write-down	3,104,949.52	776,237.38	3,104,949.52	776,237.38
Interest of government appropriations being replaced by loans	32,200,000.00	8,050,000.00	33,350,000.00	8,337,500.00
Deferred income	33,087,883.88	8,271,970.97	20,026.49	3,003.97
Deductible losses	276,240,730.28	69,060,182.57	325,763,397.76	81,440,849.44
Long-term employee benefits payable	23,464,954.73	5,866,238.69	25,641,197.91	6,410,299.47
Provision for inventory write-down	8,320,000.00	2,080,000.00	8,320,000.00	2,080,000.00
Medical care for the only child	73,782,888.73	18,445,722.18	66,588,849.53	16,647,212.38
Counterbalance of consolidated income	110,226,685.08	27,556,671.27	122,896,036.72	30,724,009.18
Provision for impairment of credit commitment	505,460.00	126,365.00		
Long term accounts payable	49,017,207.48	12,254,301.87		
Total	1,185,385,213.08	295,650,513.29	1,053,712,317.14	263,217,045.40

17.2 Details of recognized deferred income tax liabilities

Items	12/31/2020		12/31/2019	
	Temporary differences	Deferred income tax liabilities	Temporary differences	Deferred income tax liabilities
Changes in fair value of available-for-sale financial assets	21,784,090.06	5,446,022.50	30,515,899.64	7,628,974.90
The difference between fixed assets depreciation and tax law depreciation	736,947.70	184,236.93		
Total	22,521,037.70	5,630,259.43	30,515,899.64	7,628,974.90

18. Other non-current assets

Items	12/31/2020	12/31/2019
Advance payment for real estate of Dongtai Donghu Science and Technology City	315,438,275.22	315,388,419.22
Margin for financial leasing	10,331,526.66	
Advance payment for project	1,079,412.00	1,079,412.00
Total	326,849,213.88	316,467,831.22

19. Provision for assets impairment

Items	12/31/2019	Increase	Decrease				12/31/2020
			foreign exchange translation	Deduct	Changes in the scope of consolidation	Total	
Bad debt provision:	468,027,859.21	97,561,477.36	-1,984,398.99		10,858,810.42	8,874,411.43	574,463,748.00
Provision for long-term equity investment write-down	3,104,949.50						3,104,949.50
Provision for inventory write-down	8,320,000.00						8,320,000.00
Provision for impairment of credit commitment		505,460.00					505,460.00
Total	479,452,808.71	98,066,937.36	-1,984,398.99		10,858,810.42	8,874,411.43	586,394,157.50

20. Short-term loan

20.1 Categories of short-term loans

Items	12/31/2020	12/31/2019
Credit loans	5,128,251,266.06	4,628,500,000.00
Mortgage loan	140,000,000.00	232,441,057.97
Guaranteed loans	1,541,500,000.00	742,381,672.00
Pledge loan		5,000,000.00
Total	6,809,751,266.06	5,608,322,729.97

20.2 There are no short-term loans overdue in this year.

21. Notes payable

Category	12/31/2020	12/31/2019
Bank acceptances	465,148,427.20	672,934,958.34
Commercial acceptance bill	230,000,000.00	
Domestic letter of credit	148,000,000.00	
Total	843,148,427.20	672,934,958.34

22. Accounts payable

22.1 Aging presentation of accounts payable

Aging	12/31/2020		12/31/2019	
	Amount	%	Amount	%
Within 1 year	755,568,675.02	50.55	1,039,863,056.09	67.12
1-2 year	468,433,850.67	31.34	284,639,120.56	18.37
2-3 year	46,557,534.84	3.11	137,297,065.35	8.86
Over 3 year	224,253,121.11	15.00	87,353,475.77	5.65
Total	1,494,813,181.64	100.00	1,549,152,717.77	100.00

22.2 Top five entities with the largest balances of accounts payable

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)
Lianyungang Huicheng Municipal Engineering Co., Ltd.	Non related party	123,918,606.19	Within 1 year	8.29
Lianyungang Golden Orient Port Investment Co., Ltd.	Non related party	64,740,000.00	1-2 year 5,000,000; 2-3 year 5,000,000; Over 3 year 54,740,000	4.33
CCCC Shanghai Waterway Survey and Design Institute Co., Ltd	Non related party	63,993,550.00	Within 1 year	4.28
Lianyungang project management department of CCCC Tianhang Binhai Environmental Protection Dredging Engineering Co., Ltd	Non related party	60,361,497.46	Within 1 year	4.04
Lianyungang Ruicheng Construction Engineering Co., Ltd	Related party	54,569,101.00	Within 1 year	3.65
Total		367,582,754.65		24.59

23. Receipts in advance

23.1 Aging presentation of receipts in advance

Aging	12/31/2020		12/31/2019	
	Amount	%	Amount	%
Within 1 year	283,980,815.22	86.12	349,144,248.48	87.41
1-2 year	18,972,513.85	5.75	25,682,621.53	6.43
2-3 year	19,921,240.07	6.04	1,398,701.76	0.35
Over 3 year	6,908,555.49	2.09	23,201,059.03	5.81
Total	329,783,124.63	100.00	399,426,630.80	100.00

23.2 Top five entities with the largest balances of receipts in advance

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)
Lianyungang Xingxin iron and Steel Co., Ltd	Non related party	87,434,818.73	Within 1 year	26.51
Lianyungang new steel Co., Ltd	Non related party	70,976,320.00	Within 1 year	21.52
Lianyungang Liheng International Trade Co., Ltd	Non related party	54,284,858.33	Within 1 year	16.46
Jiangsu Hantong material Trade Co., Ltd	Non related party	47,661,403.64	Within 1 year	14.45
Jiangsu Huilian Aluminum Co., Ltd	Non related party	42,005,051.31	Within 1 year 11,000,000.00; 1-2 year 13,396,088.09; 2-3 year 17,608,963.22	12.74
Total		302,362,452.01		91.68

24. Wages & welfare payable

24.1 Overall situation

Items	12/31/2019	Increase	Decrease	12/31/2020
Short-term employee benefits	65,828,038.16	1,136,669,911.75	1,108,881,550.41	93,616,399.50

Items	12/31/2019	Increase	Decrease	12/31/2020
Post-employment benefits	7,316.00	126,443,342.47	126,450,658.47	
Termination benefits				
Other benefits due in 1 year				
Total	65,835,354.16	1,263,113,254.22	1,235,332,208.88	93,616,399.50

24.2 Short-term employee benefits

Short-term employee benefits item	12/31/2019	Increase	Decrease	12/31/2020
Wages, bonuses, allowances and subsidies	11,161,999.45	892,469,850.78	869,516,728.94	34,115,121.29
Employees' welfare		92,435,796.76	92,435,796.76	
Social insurance premiums		64,083,718.34	64,083,718.34	
including: Medical insurance premium		51,691,142.11	51,691,142.11	
Work-related injury insurance premium		3,389,224.33	3,389,224.33	
Maternity insurance premium		9,003,351.90	9,003,351.90	
Housing funds	1,375,141.80	54,469,243.37	54,917,271.58	927,113.59
Trade union expenditures and employee education funds	53,289,728.71	33,199,668.70	27,916,400.99	58,572,996.42
Short-term paid absences	1,168.20	2,033.80	2,033.80	1,168.20
Short-term paid absences profit-sharing plan				
Other short-term employee benefits		9,600.00	9,600.00	
Total	65,828,038.16	1,136,669,911.75	1,108,881,550.41	93,616,399.50

24.3 Defined contribution plans

Defined contribution plans item	12/31/2019	Increase	Decrease	12/31/2020
Basic endowment insurance premium		75,282,715.80	75,282,715.80	
Unemployment insurance premium		2,490,574.38	2,490,574.38	
Payment of annuity	7,316.00	48,670,052.29	48,677,368.29	
Total	7,316.00	126,443,342.47	126,450,658.47	

25. Taxes and dues payable

Items	12/31/2020	12/31/2019
Value added tax	12,510,776.90	8,773,816.03
City construction tax	1,222,041.79	1,513,574.29
Education fee additional tax	642,909.82	910,738.97
Local education fee additional tax	316,012.32	247,717.94
Land use tax	355,454.94	2,242,308.02
Urban real estate tax	1,682,889.84	2,331,248.30
Income tax	66,361,604.28	133,274,655.94
Stamp tax	1,142,294.96	447,978.49
Individual income tax	2,469,076.38	795,796.22
Port security fee , etc.	13,734,486.18	13,727,630.78
Total	100,437,547.41	164,265,464.98

26. Other payables

26.1 Category

Items	12/31/2020	12/31/2019
Interests payable	696,736,589.70	763,941,346.79
Dividends payable	7,450,000.00	1,585,932.42
Other payables	436,481,092.57	498,208,093.31
Total	1,140,667,682.27	1,263,735,372.52

26.2 Interest payable

Item	12/31/2020	12/31/2019
Interest on corporate debenture	270,037,460.63	244,746,583.98
Interest on medium-term notes	23,524,166.67	36,018,055.56
Interest payable on bank loans	85,746,723.06	57,141,996.33
Interest payable on private debt	271,642,379.77	371,916,305.39
Short-term financing interest	45,785,859.57	54,118,405.53
Total	696,736,589.70	763,941,346.79

26.3 Dividends payable

Major Investor Name	12/31/2020	12/31/2019
Employee Stock Ownership Platform of Lianyungang Port Design Institute		1,585,932.42
Jiangsu shagang Group Co Ltd	500,000.00	
Wanbang Industrial Port Development Management Co., Ltd	1,950,000.00	
Korea Xingya Shipping Co., Ltd	5,000,000.00	
Total	7,450,000.00	1,585,932.42

26.4 Other payables

a) Aging presentation of other payables

Aging	12/31/2020		12/31/2019	
	Amount	%	Amount	%
Within 1 year	195,872,411.45	44.88	202,059,197.12	40.56
1-2 year	93,803,689.57	21.49	132,104,835.89	26.52
2-3 year	86,316,210.74	19.78	93,938,446.14	18.86
Over 3 year	60,488,780.81	13.85	70,105,614.16	14.06
Total	436,481,092.57	100.00	498,208,093.31	100.00

b) Classification of other receivables by nature

Nature of payment	12/31/2020	12/31/2019
Security deposit	137,320,638.15	153,740,078.54
Third party payment	85,395,587.67	95,844,561.80
Medical co-ordination fund	73,782,888.73	66,588,849.53
Other payables	139,981,978.02	182,034,603.44
Total	436,481,092.57	498,208,093.31

c) Top five entities with the largest balances of other payables

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)	Business content
Medical co-ordination fund	Non related party y	73,782,888.73	Within 1 year	16.90	Medical co-ordination fund
Shanghai Junzheng Logistics Co., Ltd	Non related party	30,870,000.00	Within 1 year	7.07	Payment for other
Shanghai Cooperation Organization (Lianyungang) International Logistics Park Management Committee	Non related party	20,000,000.00	Within 1 year 1,451,439.00, 1-2-year 18,548,561.00	4.58	deposit
Lianyungang traffic and Transportation Bureau	Non related party	8,438,392.00	1-2 year	1.93	deposit
Division Management Committee of the Xinjiang production and Construction Corps holgos Economic Development Zone Corps	Non related party	5,600,000.00	1-2 year	1.28	deposit
Total		138,691,280.73		31.76	

27. Non-current liabilities due within one year

Item	12/31/2020	12/31/2019
Long-term loans due within one year	1,315,098,213.96	1,030,331,820.00
Bond payable due within one year	4,816,046,392.70	9,184,688,026.29
Long-term payable due within one year	31,499,866.26	264,738,078.56
Total	6,162,644,472.92	10,479,757,924.85

28. Other current liabilities

Items	12/31/2020	12/31/2019
Short-term financing bonds	2,200,000,000.00	1,400,000,000.00
Total	2,200,000,000.00	1,400,000,000.00

29. Long-term loan

Items	12/31/2020	12/31/2019
Credit loans	3,433,023,408.40	3,314,850,000.00
Mortgage loan	2,413,763,339.57	1,344,577,291.73
Guaranteed loans	1,957,910,653.20	2,179,558,437.00
Total	7,804,697,401.17	6,838,985,728.73

30. Bonds payable

30.1 Bonds payable exhibit by item

Items	12/31/2020	12/31/2019
Construction bank 18 Lianyungang PPN001		697,832,695.55
Agricultural Bank 18 Lianyungang MTN001	496,563,990.35	495,218,867.13
Bank of Jiangsu 18 Lianyungang PPN002		498,224,707.21
PSBC 18 Lianyungang PPN003		498,138,906.95
Donghai Securities Private Issuance Company Bond 18 Yungang 01		1,000,000,000.00
Agricultural Bank 18 Lianyungang MTN003		497,864,164.03

Items	12/31/2020	12/31/2019
Bank of Communications 18 Lianyungang MTN002		995,504,018.74
Bank of Nanjing 18 Lianyungang PPN004		497,549,644.43
Bank of Ningbo 19 Lianyungang PPN001	498,423,841.90	496,959,180.19
China Everbright Bank 19 Lianyungang PPN002	499,104,764.34	498,650,111.35
Agricultural Bank 19 Lianyungang PPN003	497,271,204.39	495,949,299.10
PSBC 19 Lianyungang PPN004	498,446,314.49	497,725,000.00
China Merchants Bank 19 Lianyungang MTN001	892,394,192.01	890,247,547.15
Bank of Communications 19 Lianyungang MTN002	800,000,000.00	800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	495,274,663.86	494,107,501.46
Bank of Communications 19 Lianyungang MTN004	700,000,000.00	700,000,000.00
Non public issuance of corporate bonds 19 Lianyungang 01	997,425,350.27	995,902,951.12
20 Lianyungang PPN001	497,489,426.66	
20 Lianyungang PPN002	499,048,365.59	
20 Yungang 01	996,601,968.32	
20 Lianyungang PPN003	496,657,049.60	
20 Lianyungang PPN004	498,813,610.26	
20 Lianyungang PPN006	198,593,487.25	
20 Lianyungang PPN007	495,688,769.73	
20 Lianyungang MTN001	694,897,511.17	
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)	994,902,000.00	
19 Lianyungang Port MTN001	464,551,236.46	446,807,986.75
US \$400 million oversea foreign debt	2,601,784,189.18	2,776,992,545.10
Total	14,813,931,935.83	14,273,675,125.26

30.2 Changes in bonds payable

Name of Bond	Nominal Value	Issuance date	Bond Terms	Issuance Amount
Construction bank 18 Lianyungang PPN001	700,000,000.00	2018-1-25	2018/1/25-2021/1/25	700,000,000.00
Agricultural Bank 18 Lianyungang MTN001	500,000,000.00	2018-2-28	2018/2/28-2023/2/28	500,000,000.00
Bank of Jiangsu 18 Lianyungang PPN002	500,000,000.00	2018-3-16	2018/3/16-2021/3/16	500,000,000.00
PSBC 18 Lianyungang PPN003	500,000,000.00	2018-3-27	2018/3/27-2021/3/27	500,000,000.00
Donghai Securities Private Issuance Company Bond 18 Yungang 01	1,000,000,000.00	2018-4-26	2018/4/26-2021/4/26	1,000,000,000.00
Agricultural Bank 18 Lianyungang MTN003	500,000,000.00	2018-6-15	2018/6/15-2021/6/15	500,000,000.00
Bank of Communications 18 Lianyungang MTN002	1,000,000,000.00	2018-6-8	2018/6/8-2021/6/8	1,000,000,000.00
Bank of Nanjing 18 Lianyungang PPN004	500,000,000.00	2018-9-27	2018/9/27-2021/9/27	500,000,000.00
Bank of Ningbo 19 Lianyungang PPN001	500,000,000.00	2019-4-26	2019/4/26-2022-4-26	500,000,000.00
China Everbright Bank 19 Lianyungang PPN002	500,000,000.00	2019-10-25	2019/10/25-2022-10-25	500,000,000.00
Agricultural Bank 19 Lianyungang PPN003	500,000,000.00	2019-11-26	2019/11/26-2022-11-26	500,000,000.00

Name of Bond	Nominal Value	Issuance date	Bond Terms	Issuance Amount
PSBC 19 Lianyungang PPN004	500,000,000.00	2019-12-10	2019/12/10-2022-12-10	500,000,000.00
China Merchants Bank 19 Lianyungang MTN001	900,000,000.00	2019-2-22	2019/2/22-2024-2-22	900,000,000.00
Bank of Communications 19 Lianyungang MTN002	800,000,000.00	2019-7-5	2019/7/5-2024-7-5	800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	500,000,000.00	2019-7-30	2019/7/30-2024-7-30	500,000,000.00
Bank of Communications 19 Lianyungang MTN004	700,000,000.00	2019-8-23	2019/8/23-2024-8-23	700,000,000.00
Non public issuance of corporate bonds 19 Lianyungang 01	1,000,000,000.00	2019-8-2	2019/8/2-2022-8-2	1,000,000,000.00
20 Lianyungang PPN001	500,000,000.00	2020-1-7	2020/1/7-2023-1-5	500,000,000.00
20 Lianyungang PPN002	500,000,000.00	2020-1-16	2020/1/16-2023-1-16	500,000,000.00
20 Yungang 01	1,000,000,000.00	2020-2-13	2020/2/13-2023-2-13	1,000,000,000.00
20 Lianyungang PPN003	500,000,000.00	2020-4-30	2020/4/30-2023-4-30	500,000,000.00
20 Lianyungang PPN004	500,000,000.00	2020-7-8	2020/7/8-2023-7-8	500,000,000.00
20 Lianyungang PPN006	200,000,000.00	2020-8-3	2020/8/3-2023-8-3	200,000,000.00
20 Lianyungang PPN007	500,000,000.00	2020-11-12	2020/11/12-2023-11-10	500,000,000.00
20 Lianyungang MTN001	700,000,000.00	2020-10-9	2020/10/9-2023-10-9	700,000,000.00
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)	994,902,000.00	2020-8-4	2020/8/4-2022-8-4	994,902,000.00
19 Lianyungang Port MTN001	450,000,000.00	2019-4-23	2019/4/23-2022/4/23	450,000,000.00
US \$400 million oversea foreign debt	2,609,960,000.00			2,609,960,000.00
Total	19,554,862,000.00			19,554,862,000.00

(Continued)

Name of Bond	12/31/2019	Increase	Decrease	12/31/2020
Construction bank 18 Lianyungang PPN001	697,832,695.55	1,999,745.79	699,832,441.34	
Agricultural Bank 18 Lianyungang MTN001	495,218,867.13	1,345,123.22		496,563,990.35
Bank of Jiangsu 18 Lianyungang PPN002	498,224,707.21	1,415,726.85	499,640,434.06	
PSBC 18 Lianyungang PPN003	498,138,906.95	1,484,139.24	499,623,046.19	
Donghai Securities Private Issuance Company Bond 18 Yungang 01	1,000,000,000.00		1,000,000,000.00	
Agricultural Bank 18 Lianyungang MTN003	497,864,164.03	1,408,691.46	499,272,855.49	
Bank of Communications 18 Lianyungang MTN002	995,504,018.74	2,967,094.26	998,471,113.00	
Bank of Nanjing 18 Lianyungang PPN004	497,549,644.43	1,370,879.73	498,920,524.16	
Bank of Ningbo 19 Lianyungang PPN001	496,959,180.19	1,464,661.71		498,423,841.90
China Everbright Bank 19 Lianyungang PPN002	498,650,111.35	454,652.99		499,104,764.34
Agricultural Bank 19 Lianyungang PPN003	495,949,299.10	1,321,905.29		497,271,204.39
PSBC 19 Lianyungang PPN004	497,725,000.00	721,314.49		498,446,314.49
China Merchants Bank 19 Lianyungang MTN001	890,247,547.15	2,146,644.86		892,394,192.01
Bank of Communications 19 Lianyungang MTN002	800,000,000.00			800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	494,107,501.46	1,167,162.40		495,274,663.86
Bank of Communications 19	700,000,000.00			700,000,000.00

Name of Bond	12/31/2019	Increase	Decrease	12/31/2020
Lianyungang MTN004				
Non public issuance of corporate bonds 19 Lianyungang 01	995,902,951.12	1,522,399.15		997,425,350.27
20 Lianyungang PPN001		497,489,426.66		497,489,426.66
20 Lianyungang PPN002		499,048,365.59		499,048,365.59
20 Yungang 01		996,601,968.32		996,601,968.32
20 Lianyungang PPN003		496,657,049.60		496,657,049.60
20 Lianyungang PPN004		498,813,610.26		498,813,610.26
20 Lianyungang PPN006		198,593,487.25		198,593,487.25
20 Lianyungang PPN007		495,688,769.73		495,688,769.73
20 Lianyungang MTN001		694,897,511.17		694,897,511.17
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)		994,902,000.00		994,902,000.00
19 Lianyungang Port MTN001	446,807,986.75	17,743,249.71		464,551,236.46
US \$400 million oversea foreign debt	2,776,992,545.10		175,208,355.92	2,601,784,189.18
Total	14,273,675,126.26	5,411,225,579.73	4,870,968,770.16	14,813,931,935.83

31. Long-term payable

31.1 Category

Items	12/31/2020	12/31/2019
Long-term payable	1,547,681,660.89	755,516,096.51
Long-term employee benefits payable	23,464,954.73	25,641,197.91
Special payable	437,934,752.80	221,713,220.07
Total	2,009,081,368.42	1,002,870,514.49

31.2 Long-term payable

Items	12/31/2020	12/31/2019
Finance lease payable	1,681,361,693.66	856,954,720.75
Less: Unconfirmed financing costs	133,680,032.77	101,438,624.24
Total	1,547,681,660.89	755,516,096.51

31.3 Long-term employee benefits payable

Items	12/31/2020	12/31/2019
Post-employment benefits-defined benefit plan net liabilities	23,464,954.73	25,641,197.91
Total	23,464,954.73	25,641,197.91

31.4 Special payable

Items	12/31/2019	Increase	Decrease	12/31/2020
The government appropriated funds for the construction of the project	14,775,951.77			14,775,951.77
Lianyungang frontier inspection station command center	20,000,000.00			20,000,000.00
Subsidy for shore power project of berth 69 Wharf	3,090,000.00			3,090,000.00
Qitai operating area- Construction Funds of Special Railway Project in Liquid Bulk Berth	8,500,000.00			8,500,000.00

Items	12/31/2019	Increase	Decrease	12/31/2020
Lianyungang International Trade Single Window Subsidy Fund 2018	3,590,000.00			3,590,000.00
Subsidies for the Construction of Integrated Information Platform for Port Video Supervision	2,410,000.00			2,410,000.00
Subsidy for the improvement of the project construction of South shugang highway	46,600,000.00			46,600,000.00
Port road transportation management system	4,500,000.00			4,500,000.00
Interchange improvement project of South shugang highway	5,000,000.00			5,000,000.00
Subsidies for the Construction of dust online monitoring system subsidizes the construction of Ecological Port	1,500,000.00			1,500,000.00
Maintenance fund of Port Road		36,000,000.00	4,000,000.00	32,000,000.00
Special fund for entrance channel project of liquid bulk cargo berth area in Xuwei port area of Lianyungang Port		24,820,000.00		24,820,000.00
Return of sea area use fee for Lianyungang South Port highway improvement project		63,000,000.00		63,000,000.00
Land formation of port support system in Lianyungang district and funds for public supporting projects		19,280,000.00		19,280,000.00
Special fund for harbor channel maintenance dredging project		77,410,000.00		77,410,000.00
Compensation collected by Lianyungang District housing levy Bureau	3,590,800.00	14,400.00	302,867.27	3,302,332.73
Special funds for dredging and maintenance	1,376,468.30			1,376,468.30
Special funds for belt conveyer system	10,780,000.00			10,780,000.00
Special railway project shaoxianghe super large bridge project	46,000,000.00			46,000,000.00
Special Subsidy from the Ministry of Communications	50,000,000.00			50,000,000.00
Total	221,713,220.07	220,524,400.00	4,302,867.27	437,934,752.80

32. Provisions

Items	12/31/2019	Increase	Decrease	12/31/2020	Forming reason
Shanghai Guarantee Corporation - provision of the guarantee compensation	3,910,464.21	2,376,176.64		6,286,640.85	reserve
Shanghai Guarantee Corporation - provision of immature liability	995,546.95	120,310.18		1,115,857.13	reserve
Suqian Traffic Logistic - compensation	853,276.34			853,276.34	
Provision for impairment of credit commitment		505,460.00		505,460.00	
Total	5,759,287.50	3,001,946.82		8,761,234.32	

Note: The provision for impairment of credit commitment refers to the bank draft accepted by the subsidiary financial company as the acceptor. As of December 31, 2020, the balance of off balance sheet business is RMB 20,218,400.00, and the provision for impairment of credit commitment is calculated

according to 2.5% of the provision for impairment of credit commitment of the financial company.

33. Deferred Incomes

Items	12/31/2019	Increase	Decrease	12/31/2020
Unrealized profit and loss of after-sale lease	18,879.54		18,879.54	
Government subsidy	42,565,715.23		4,444,681.32	38,121,033.91
Total	42,584,594.77		4,463,560.86	38,121,033.91

Note: Details of government grants are shown in Notes V-59. Government grants.

34. Paid-in capital

Items	12/31/2019		Increase	Decrease	12/31/2020	
	Amount	%			Amount	%
Lianyungang port Holding Group Co., Ltd.	7,000,000,000.00	89.51			7,000,000,000.00	89.51
Guo Kai Development Fund Co., Ltd.	820,000,000.00	10.49			820,000,000.00	10.49
Total	7,820,000,000.00	100.00			7,820,000,000.00	100.00

35. Other equity instruments

Items	12/31/2019	Increase	Decrease	12/31/2020
Perpetual capital securities	1,489,400,000.00	300,000,000.00	500,000,000.00	1,289,400,000.00
Total	1,489,400,000.00	300,000,000.00	500,000,000.00	1,289,400,000.00

Note: China Railway trust Nan'an No.1 sustainable creditor's rights are issued for RMB 300million, and the redemption of the perpetual debt is RMB 500million in the current period.

36. Capital surplus

Items	12/31/2020	Increase	Decrease	12/31/2020
Ministry of communication return the port construction fees and pay the construction capital	1,051,144,343.25			1,051,144,343.25
State owned assets supervision and Administration Commission of Lianyungang transfer Gold Harbor company	517,226,185.29			517,226,185.29
Other capital surplus	1,331,420,563.42		360,727,015.38	970,693,548.04
total	2,899,791,091.96		360,727,015.38	2,539,064,076.58

Note :

Capital surplus changes in the current period:

- Divestiture of public assets reduces capital reserve by 150 million yuan;
- The revenue from state-owned assets collected by the government reduced the capital reserve by 200,000,000.00 yuan;
- The capital reserve decreased by 8,657,015.38 yuan in equity method accounting;
- Other capital reserves decreased by 2,070,000.00 yuan.

37. Other Comprehensive Incomes

Item	Opening Balance	Current Period					Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit and loss							
Include: Recalculate the defined benefit plan liabilities and net change in net assets							
Share of profit or loss that under the equity method investees cannot reclassify into other profit and loss							
2. Other consolidate incomes that will be reclassified into profit and loss	-176,406,367.38	109,368,862.80		-2,182,952.40	111,559,822.51	-8,007.31	-64,846,544.87
Include: share of profit or loss that under the equity method investees will reclassify into profit and loss	5,686,258.44	1,830,583.66			1,830,583.66		7,516,842.10
Changes in fair value of available for sale financial assets	22,886,924.74	-8,731,809.58		-2,182,952.40	-6,548,857.18		16,338,067.56
Gains or losses from converting hold to maturity investments to financial assets available for sale.							
Valid portion of the gains or losses from cash flow hedging							
Difference from conversion of financial statements in foreign currency	-204,979,550.56	116,270,088.72			116,278,096.03	-8,007.31	-88,701,454.53
Other comprehensive Income Total	-176,406,367.38	109,368,862.80		-2,182,952.40	111,559,822.51	-8,007.31	-64,846,544.87

38. Special reserves

Items	12/31/2019	Increase	Decrease	12/31/2020
Safe production cost	229,641.35		82,747.36	146,893.99
total	229,641.35		82,747.36	146,893.99

39. Surplus reserve

Items	12/31/2019	Increase	Decrease	12/31/2020
Statutory accumulation reserve	7,610,257.91			7,610,257.91
total	7,610,257.91			7,610,257.91

40. General risk preparedness

Items	12/31/2019	Increase	Decrease	12/31/2020	Reasons for change
General risk preparedness	29,169,577.24			29,169,577.24	
total	29,169,577.24			29,169,577.24	

41. Undistributed profit

Items	2020	2019
Beginning balance before adjustment	56,113,764.96	297,666,406.55
Adjustment for beginning balance(increase+,decrease-)		
Beginning balance after adjustment	56,113,764.96	297,666,406.55
Plus: net profit attributable to owners of the parent company for the current period	50,671,572.46	27,451,027.47
Less: Withdrawal of statutory surplus reserves		26,329,221.23
Withdrawal of general risk preparedness	5,591,333.76	22,674,447.83
Turn over the income from State-owned Assets	9,720,000.00	220,000,000.00
Ending balance	91,474,003.66	56,113,764.96

42. Operating revenue**42.1 Sales and other operating income**

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Revenue	Cost	Revenue	Cost
Main operations	12,950,055,942.02	11,809,826,064.14	12,091,782,334.84	11,149,294,586.03
Other operations	822,203,233.08	581,065,002.82	911,215,931.20	576,844,674.42
Total	13,772,259,175.10	12,390,891,066.96	13,002,998,266.04	11,726,139,260.45

42.2 Main operations (disclosure by branch line of business)

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Loading and unloading income	2,711,572,849.18	2,003,548,613.63	2,179,107,812.62	1,617,017,476.65
Stockpiling income	256,069,790.80	200,037,268.35	278,441,553.83	219,690,385.98
Management revenue	336,698,080.67	286,056,073.04	290,547,708.35	247,256,099.81
Sales revenue	7,763,626,640.17	7,686,598,256.78	7,975,689,799.89	7,902,171,297.83
Engineering Income	1,842,877,862.51	1,605,594,873.06	1,331,676,996.60	1,151,900,602.06
Other	39,210,718.69	27,990,979.28	36,318,463.54	11,258,723.70
Total	12,950,055,942.02	11,809,826,064.14	12,091,782,334.84	11,149,294,586.03

42.3 Other operations

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Ship rental income	45,912,428.58	11,460,896.56	50,256,410.25	11,851,039.28
Rental income from other assets	73,615,267.84	10,991,031.90	97,186,038.60	10,146,766.78
Tally income	38,413,540.59	18,131,105.36	34,656,029.52	19,998,205.43
Agency income	470,773,619.96	414,113,686.95	407,073,660.85	346,012,611.72
Real estate income	71,002,339.42	52,413,021.14	220,400,928.65	142,877,168.77
Communication income	32,845,745.26	20,100,334.50	33,199,972.61	21,579,982.20
Supply income	9,812,190.30	8,377,715.08	8,207,947.70	6,849,532.36
Others	79,828,101.13	45,477,211.33	60,234,943.02	17,529,367.88
Total	822,203,233.08	581,065,002.82	911,215,931.20	576,844,674.42

43. Taxes and surcharge

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
City construction tax	6,260,212.05	6,122,346.40
Education fee additional tax	2,727,270.69	2,648,432.07
Local education fee additional tax	1,869,932.69	1,765,176.08
Urban real estate tax	7,698,299.04	14,750,428.96
Land use tax	10,796,770.48	16,319,904.45
Vehicle and vessel usage tax	418,301.01	1,146,789.53
Stamp tax	11,145,946.55	2,841,801.92
Increment tax on land value	19,613,785.39	4,075,863.22
Others	1,140,956.74	1,028,617.38
Total	61,671,474.64	50,699,360.01

44. Selling and distribution expenses

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Staff salary	3,185,572.39	4,080,120.57
Office expenses	51,898.76	30,153.17
Business entertainment	550,634.82	448,654.33
Travel expenses	652,288.19	808,449.74
Fuel	110,526.77	133,455.07
Post and Telecommunications fee	44,771.48	51,052.58
Repair cost	70,811.07	52,469.60
Others	136,700.81	87,198.58
Total	4,803,204.29	5,691,553.64

45. Administrative expenses

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Staff salary	526,447,970.42	588,880,671.22
Depreciation charge	112,816,749.31	128,651,253.81
Repair cost	37,606,217.13	34,511,960.60
Water and electricity	22,374,703.94	19,891,669.32
Business entertainment	18,443,648.50	17,075,558.14

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Labor service fee	25,475,169.60	29,579,972.70
Office expenses	21,278,631.87	19,132,674.12
Travel expenses	13,618,264.73	17,496,590.53
Consulting fees	30,624,380.26	16,923,814.98
Insurance premium	9,107,451.63	6,100,533.84
Long-term prepaid expenses	8,217,742.37	7,919,417.90
Rental fee	8,285,198.45	5,887,827.52
Fuel	4,246,744.49	4,100,498.24
Material	10,456,910.92	8,023,849.32
Post and Telecommunications fee	9,048,847.53	7,389,299.05
Amortization of intangible assets	96,555,606.15	96,786,014.94
Audit fee	3,809,436.11	4,579,508.81
Advertising and publicity expenses	1,316,229.38	3,344,212.96
Labor protection	6,728,768.71	4,142,115.62
Low value consumables	2,090,372.96	2,519,555.37
Conference fee	2,283,519.63	1,172,979.97
Board funding	186,712.14	1,344,356.60
Afforestation fees	1,598,194.13	1,560,338.23
Others	7,438,026.38	5,617,484.53
Total	980,055,496.74	1,032,632,158.32

46. Research and development expenses

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Staff salary	13,261,880.62	20,704,029.14
Direct inputs	86,435.45	8,913.60
Depreciation charge	811,596.29	843,441.09
Others	844,803.95	200,370.52
Entrust external R&D	1,318,632.05	2,026,291.59
Total	16,323,348.36	23,783,045.94

47. Financial expenses

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Interest expenses	1,256,978,621.05	1,145,720,446.40
Less: Interest income	92,980,495.71	86,942,710.77
Add: Exchange loss	-4,677,435.78	9,556,050.73
Add: Commission	60,757,763.36	50,893,371.20
Total	1,220,078,452.92	1,119,227,157.56

48. Other income

Items	2020 (Jan-Dec)	2019 (Jan-Dec)	Amount included in current non-recurrent gains and losses
Government subsidy	491,152,709.40	1,004,380,873.76	491,152,709.40
Total	491,152,709.40	1,004,380,873.76	491,152,709.40

Note: Details of government grants are shown in Notes V-59. Government grants.

49. Investment income

Sources of investment income	2020 (Jan-Dec)	2019 (Jan-Dec)
Investment income from long-term equity investments under the equity method	154,377,330.17	65,701,484.93
Investment income from disposing long-term equity investments	573,023,626.48	75,375,968.43
Investment income from the disposal of financial assets measured at fair value and whose changes are included in the current profits and losses	-5,665,501.62	
Investment income obtained during the holding period of available for sale financial assets	1,366,412.92	
Others	20,893,622.21	10,285,541.80
Total	743,995,490.16	151,362,995.16

50. Gains from changes in fair value

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Financial assets measured at fair value through current profit or loss	-5,739,250.00	-2,902,250.00
Including: Fair Value Change Income from Derivative Financial Instruments	-5,739,250.00	-2,902,250.00
Total	-5,739,250.00	-2,902,250.00

51. Impairment loss of assets

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Bad debt provision	-97,561,477.36	-29,370,855.27
Provision for inventory write-down		-4,036,481.63
Provision for impairment of credit commitment	-505,460.00	
Total	-98,066,937.36	-33,407,336.90

52. Gains from disposal of assets

Items	2020 (Jan-Dec)	2019 (Jan-Dec)	Amount included in current non-recurrent gains and losses
Gains or losses from disposal of fixed assets	-5,023,684.41	-11,720,030.62	-5,023,684.41
Gains or losses from disposal of Construction in progress			
Total	-5,023,684.41	-11,720,030.62	-5,023,684.41

53. Non-operating income

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Debt restructuring gains		24,346,999.30
No need to pay	9,169,731.88	
Repayment of port charges	11,032,083.01	7,578,620.10
Service charge for collection of port construction fee	3,610,746.14	2,608,901.67
Fine net income	2,657,327.38	24,900.00
The combination cost is less than the fair value	2,516,796.77	
Compensation	2,999,492.00	
Others	246,623.25	4,652,506.49
Total	32,232,800.43	39,221,927.56

54. Non-operating expenses

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Donation expenses	246,086.29	565,000.00
Losses on scrapping of fixed assets	367,940.08	327,123.11
Fine expenditure	809,562.67	439,504.25
Port opening support funds	6,850,000.00	
Personnel expenses of Hong Kong Office	5,620,000.00	
Others	2,072,938.86	3,550,384.21
Total	15,966,527.90	4,882,011.57

55. Income tax

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Current income tax according to the Income Tax Law	174,450,072.65	192,735,478.01
Deferred income tax adjustment	-62,249,230.96	-76,900,162.84
Total	112,200,841.69	115,835,315.17

56. Cash flow statement**56.1 Cash received from other operating activities:**

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Subsidy income	486,708,028.08	995,220,623.91
Deposit interest income	92,980,495.71	86,942,710.77
Rent income	119,527,696.42	147,442,448.85
Collect the allowance for container routes	80,000,000.00	30,000,000.00
Others	108,990,097.98	124,006,418.02
Fine net income	2,657,327.38	24,900.00
Collection of commission on behalf of others	3,610,746.14	2,608,901.67
Compensation	2,999,492.00	
Refund of port charges	11,032,083.01	7,578,620.10
Total	908,505,966.72	1,393,824,623.32

56.2 Cash paid for other operating activities:

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Selling expenses, General and administrative expenses, R&D	255,103,815.86	210,180,550.35
Penalty or tax delay charge	809,562.67	439,504.25
Allowance for container routes	44,629,662.98	24,105,600.00
Dealings between companies of Port Holding Group	252,021,600.00	837,911,597.14
Port opening support funds	6,850,000.00	
Personnel expenses of Hong Kong Office	5,620,000.00	
Others	1,265,827,485.54	574,793,094.87
Total	1,830,862,127.05	1,647,430,346.61

56.3 Cash Received from other investing activities

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Financial leasing	8,613,130.45	33,421,882.11
Increased net cash from acquisition of subsidiaries	129,458,046.16	

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Total	138,071,176.61	33,421,882.11

56.4 Cash paid for other investing activities

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Cash balance received from disposal of subsidiaries		1,823,208.96
Total		1,823,208.96

56.5 Cash Received from other financing activities

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Special accounts payable	216,221,532.73	
Finance lease	558,927,352.08	194,665,560.94
Margin recovery	39,575,464.47	308,253,308.27
Issue of perpetual bonds	300,000,000.00	
Loans and others	455,934,495.40	
Sale of part of equity in subsidiaries		6,005,855.86
Total	1,570,658,844.68	508,924,725.07

56.6 Cash paid for other financing activities

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
Financing Commission	60,757,763.36	50,893,371.20
Loans and others	33,346,224.84	
Redemption of perpetual bonds	500,000,000.00	1,500,000,000.00
Total	594,103,988.20	1,550,893,371.20

57. Supplementary information of cash flow statement

57.1 Reconciliation of net profit/(loss) to cash flows from operating activities

SUPPLEMENTARY INFORMATION	2020 (Jan-Dec)	2019 (Jan-Dec)
I.Reconciliation of net profit/(loss) to cash flows from operating activities		
Net profit	128,819,889.82	71,044,582.34
Add: Provision for asset impairment	98,066,937.36	33,407,336.90
Depreciation of fixed assets	770,412,609.69	726,424,227.39
Amortization of intangible assets	96,555,606.15	96,786,014.94
Amortization of long-term prepaid expenses	24,776,312.14	21,819,417.90
Losses on disposal of fixed assets, intangible assets&other long-term assets' deduct gains	5,023,684.41	11,720,030.62
Losses on disposal of fixed assets	367,940.08	327,123.11
Losses on changes of fair value	5,739,250.00	2,902,250.00
Financial expenses	1,317,736,384.41	1,206,169,868.33
Losses arising from investments(deduct: gains)	-743,995,490.16	-151,362,995.16
Decrease in deferred tax debit	-62,433,467.89	-76,900,162.84
Increase in deferred tax credit	184,236.93	
Decrease in inventories(deduct: increase)	-194,426,288.79	16,297,579.35
Decrease in operating receivables(deduct: increase)	-1,116,297,137.24	-2,302,335,140.81
Increase in operating payables(deduct: decrease)	-51,543,446.41	546,580,087.91
Others(Note)		

SUPPLEMENTARY INFORMATION	2020 (Jan-Dec)	2019 (Jan-Dec)
Net cash flows from operating activities	278,987,020.50	202,880,219.98
2. Investing and financing activities that do not involve cash receipts and payment:		
Conversion of debt into capital		
Reclassification of convertible bonds expiring within one year as current liability		
Fixed assets acquired under finance leases		
3. Net increase/(decrease) in cash and cash equivalents		
Cash at end of year	2,311,558,410.28	2,494,707,961.27
Less: Cash at beginning of year	2,494,707,961.27	2,556,285,839.45
Plus: Cash equivalents at end of year		
Less: Cash equivalents at beginning of year		
Net increase/(decrease) in cash and cash equivalents	-183,149,550.99	-61,577,878.18

57.2 Net cash received from disposal of subsidiaries in the current period

Item	Amount
Cash & Cash Equivalents Received from disposing subsidiaries during Current Period	14,087,900.00
Including: Jiangsu Gangjia Energy Saving Technology Co., Ltd	14,087,900.00
Less: Cash & Cash Equivalents Held by Subsidiaries at the date of losing control	10,469,975.55
Including: Jiangsu Gangjia Energy Saving Technology Co., Ltd	10,469,975.55
Add: Cash & Cash Equivalents Received from disposing subsidiaries during Previous Period	
Net cash Received from disposing subsidiaries	3,617,924.45

57.3 Composition of Cash & Cash Equivalent

Items	2020 (Jan-Dec)	2019 (Jan-Dec)
1. Cash	2,311,558,410.28	2,494,707,961.27
Including: Cash On Hand	9,227.09	10,016.75
Cash in bank	2,309,809,215.50	2,494,683,042.10
Other monetary funds	1,739,967.69	14,902.42
2. Cash Equivalents		
Including: Bond Investment Maturing within 3 Months		
3. Closing Balance of Cash & Cash Equivalents	2,311,558,410.28	2,494,707,961.27

58. Assets with Restricted Ownership or Use Rights

Items	Amount	Limited reason
Cash & Cash Equivalents	631,203,392.72	Bank acceptance deposits
Intangible assets	1,896,800,000.00	Mortgage loan of land use right and sea area use right
Total	2,528,003,392.72	

59. Government grants

59.1 Details of government grants included in profit and loss or deduction of costs

Item	Related to Assets / Related to income	Amount	Presentation	Amount included in Profit or loss
Maintenance subsidy for port public infrastructure	Related to income	350,000,000.00	Other income	350,000,000.00
Obstacle treatment subsidy	Related to income	20,000,000.00	Other income	20,000,000.00
Provincial subsidy for the maintenance of railway facilities in the port area	Related to income	10,000,000.00	Other income	10,000,000.00
The subsidy fund for the information platform of the electronic port	Related to income	1,140,000.00	Other income	1,140,000.00
Container Route Subsidy	Related to income	35,941,400.00	Other income	35,941,400.00
Subsidy for international freight	Related to income	3,964,014.85	Other income	3,964,014.85
Provincial transportation structure adjustment subsidy	Related to income	9,239,622.00	Other income	9,239,622.00
Subsidy for enterprise online safety production training	Related to income	2,490,900.00	Other income	2,490,900.00
Special guiding fund for port logistics development	Related to income	2,300,000.00	Other income	2,300,000.00
Other special subsidies	Related to income	7,306,732.55	Other income	7,306,732.55
Subsidy for job stabilization	Related to income	14,885,790.73	Other income	14,885,790.73
The second batch of provincial environmental protection guidance funds in 2019	Related to income	800,000.00	Other income	800,000.00
Port special subsidy fund of Municipal Bureau of Commerce	Related to income	990,000.00	Other income	990,000.00
Subsidy for provincial modernized service industry	Related to income	4,000,000.00	Other income	4,000,000.00
Subsidy for separation and transfer of "three supplies and one industry" of enterprises	Related to income	7,000,000.00	Other income	7,000,000.00
Comprehensive subsidy for Ecological Port Construction	Related to income	2,000,000.00	Other income	2,000,000.00
Subsidy for port dust construction system	Related to income	2,000,000.00	Other income	2,000,000.00
Outstanding contribution award for 19 years' tax payment	Related to income	1,000,000.00	Other income	1,000,000.00
Subsidy for municipal pollution control in 2020	Related to income	1,000,000.00	Other income	1,000,000.00
China Kazakhstan international logistics subsidy	Related to income	1,272,310.67	Other income	1,272,310.67
VAT input tax plus deduction	Related to income	9,270,177.86	Other income	9,270,177.86
Return of individual income tax service charge	Related to income	107,079.42	Other income	107,079.42
Transfer from deferred income	Related to Assets	4,444,681.32	Other income	4,444,681.32
Total		491,152,709.40		491,152,709.40

59.2 Details of government grants recorded into deferred revenue

Item	12/31/2020	Addition	Transfer to other income	Other deduction	12/31/2020	Related to Assets / Related to income
Government subsidy to Electronic Port Information Development	20,028.49		20,026.49			Related to income
Subsidy for Lianyungang Ro Ro Terminal renovation project	8,869,038.56		300,000.00		8,569,038.56	Related to assets
Subsidy for 150 thousand tons of waterway expansion project	21,218,594.62		647,988.16		20,570,606.46	Related to assets
Subsidy for application demonstration project of Internet of things for national container sea rail intermodal transport	12,458,055.56		3,476,666.67		8,981,388.89	Related to assets
Total	42,565,715.23		4,444,681.32		38,121,033.91	

Note: The reduction of other changes is the change of merger scope.

VI. Changes in Consolidated Scope

1. Business Combination not under common Control

1.1 Business Combination not under common Control during Current Period

Name of the acquiree	Time of equity acquisition	Cost of equity acquisition	Share acquisition ratio(%)	Method of equity acquisition	Purchase date	Basis for determination of purchase date	Income of the acquiree from the date of purchase to the end of the period	Net profit of the acquiree from the date of purchase to the end of the period
Lianyungang China Korea ferry Co., Ltd	2020-9-30	31,421,200.00	25	Cash contribution	2020-9-30	Transfer of control	112,508,894.86	33,266,787.28
Lianyungang ferry Co., Ltd	2020-12-31	1,284,550.00	25	Cash contribution	2020-12-31	Transfer of control		
Lianyungang New Coast Real Estate Development Company	2020-12-31	763,812,700.00	100	Equity transfer	2020-12-25	Transfer of control		
Lianyungang highway port Co., Ltd	2020-12-31	420,487,137.05	68.50	Equity transfer	2020-12-24	Transfer of control		

1.2 Combination cost and goodwill

Combination cost	Lianyungang China Korea ferry Co., Ltd	Lianyungang ferry Co., Ltd	Lianyungang New Coast Real Estate Development Company	Lianyungang highway port Co., Ltd
--Cash	31,421,200.00	1,284,550.00	763,812,700.00	420,487,137.05
Total of combination cost	31,421,200.00	1,284,550.00	763,812,700.00	420,487,137.05
Less: fair value share of identifiable net assets obtained	33,937,996.77	1,284,550.00	763,812,700.00	420,487,137.05
The amount of goodwill / combination cost less than the fair value share of the identifiable net assets obtained	-2,516,796.77			

1.3 Identifiable assets and liabilities of the acquiree on the date of purchase

Item	Lianyungang China Korea ferry Co., Ltd		Lianyungang ferry Co., Ltd		Lianyungang New Coast Real Estate Development Company		Lianyungang highway port Co., Ltd	
	Fair value at the date of purchase	Book value on purchase date	Fair value at the date of purchase	Book value on purchase date	Fair value at the date of purchase	Book value on purchase date	Fair value at the date of purchase	Book value on purchase date
Assets:								
Cash and cash equivalents	41,945,501.77	41,945,501.77	23,415,655.03	23,415,655.03	32,364,380.91	32,364,380.91	26,350,220.69	26,350,220.69
Receivables	13,015,900.85	13,015,900.85	9,769,331.40	9,769,331.40	68,449,302.15	68,449,302.15	11,047,286.76	11,047,286.76
Inventories	2,354,255.62	2,354,255.62			1,231,254,521.07	1,005,684,235.56		
Fixed assets	378,221,300.00	376,567,435.17	2,573,100.00	947,960.85	456,930,110.00	120,609,951.53	420,413,700.00	200,133,544.08
Intangible assets			418,000.00	210,071.09			294,602,357.30	251,452,668.17
Liabilities:								
Loans							194,630,000.00	194,630,000.00
Payables	322,506,290.00	322,506,290.00	34,077,671.93	34,077,671.93	1,033,136,941.70	1,033,136,941.70	569,582,206.63	569,582,206.63
Deferred tax liabilities								
Net assets	135,149,550.30	133,495,685.47	5,748,080.47	3,915,012.41	763,812,700.00	201,922,256.02	520,487,137.05	317,052,577.00
Less: Non-controlling interests	101,211,553.53	100,121,764.10	4,463,530.47	2,936,259.31			100,000,000.00	100,000,000.00
Net assets acquired	33,937,996.77	33,373,921.37	1,284,550.00	978,753.10	763,812,700.00	201,922,256.02	420,487,137.05	217,052,577.00

2. Business Combination under common Control during Current Period

No.

3. Disposal subsidiary

3.1 Loss of control right in case of single disposal of investment in subsidiaries

Items	Jiangsu Gangjia Energy Saving Technology Co., Ltd	Jiangsu Golden Harbour Investment Co., Ltd.
Price of equity disposal	14,087,900.00	1,149,863,000.00
ratio(%)of equity disposal	60%	100%
Method of equity disposal	Transfer by agreement	Transfer by agreement
Time point of loss of control	August 31,2020	December 25,2020
The basis for time point of loss of control	Complete industrial and commercial change registration	Complete industrial and commercial change registration
The difference between the disposal price and the net assets of the disposal investment in the consolidated financial statement	1,759,716.99	571,263,909.49
The proportion of the remaining shares in the day of the loss of control		
The book value of the remaining shares in the day of the loss of control		
The fair value of the remaining shares in the day of the loss of control		
Gains or losses arising from the remeasurement of the remaining shares		
The method and main assumptions of the fair value of the remaining shares		
The other comprehensive income related to the		

Items	Jiangsu Gangjia Energy Saving Technology Co., Ltd	Jiangsu Golden Harbour Investment Co., Ltd.
original ownership of the shares shall be transferred to the amount of the investment income		

4. Other changes in Consolidated Scope

Company name	Reason
Add:	
Lianyungang Xinxin Logistics Co., Ltd	New subsidiary of the year, shareholding ratio of 100%
Lianyungang Foreign Ship Inspection Co., Ltd	New subsidiary of the year, shareholding ratio of 100%

VII. Interests in Other Entities

1. Interests in Subsidiaries

1.1. Group Composition:

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
1	Jiangsu Lianyungang Port Corporation	Lianyungang	Lianyungang	Port loading and unloading, cargo storage, etc.	52.23		52.23	Investment
2	Lianyungang Xinlian Bulk Terminal Co., Ltd	Lianyungang	Lianyungang	Port loading and unloading, cargo storage, etc.		63.60	63.60	Investment
3	Lianyungang Port International Petrochemical Port Co., Ltd	Lianyungang	Lianyungang	To provide docks for ships; to provide cargo handling for clients; to lease and maintain port facilities, equipment and machinery		51.00	51.00	Investment
4	Jiangsu New Longhai Supply Chain Co., Ltd	Lianyungang	Lianyungang	Supply chain management; freight transportation agency; cargo loading and unloading, handling, storage services; road general cargo transportation; special cargo transportation (container); mechanical equipment leasing, maintenance, etc.		100.00	100.00	Investment
5	Lianyungang Port Group Finance Co., Ltd.	Lianyungang	Lianyungang	To absorb deposits of member units; to handle loans and financial leasing for member units; to handle internal transfer and settlement between member units and the design of corresponding settlement and settlement scheme; to assist member units in the collection and payment of transaction funds, etc	49.00	51.00	100.00	Investment
6	Lianyungang China Korea ferry Co., Ltd	Lianyungang	Lianyungang	Passenger and freight liner shipping business		75.00	75.00	Corporate merger not under the same control
7	Lianyungang ferry Co., Ltd	Lianyungang	Lianyungang	Marine agency business, comprehensive cargo transportation business, trade business, logistics business, travel business and related business of the above business		75.00	75.00	Corporate merger not under the same control

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
8	Jiangsu Zhugang Construction Group Co., Ltd	Lianyungang	Lianyungang	Class II general contracting for port and waterway engineering construction; class II general contracting for housing construction	56.28		56.28	Investment
9	Lianyungang Hua Da waterproof material Co., Ltd.	Lianyungang	Lianyungang	Production and sales of waterproof materials, anti-corrosion materials, roofing waterproof layer maintenance, construction materials, etc		100.00	100.00	Investment
10	Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	Lianyungang	Lianyungang	Industrial investment; domestic freight forwarders; contractors shipping, land transport, air cargo import and export agency business for international transportation	100.00		100.00	Investment
11	Lianyungang Port Logistics Co., Ltd.	Lianyungang	Lianyungang	Container and cargo handling services; domestic freight forwarders, shipping agents; cargo warehousing		100.00	100.00	Investment
12	Lianyungang Lianhe Supply Chain Service Co., Ltd	Lianyungang	Lianyungang	Supply chain management services, etc		100.00	100.00	Investment
13	Lianyungang Yugang Bonded Service Co., Ltd.	Lianyungang	Lianyungang	Storage service		100.00	100.00	Investment
14	Lianyungang Port Group Freight Forwarding Company	Lianyungang	Lianyungang	Contractors shipping, land transportation, air freight, express the import and export of goods and goods in transit international transport agency business		100.00	100.00	Investment
15	Lianyungang Bridge Public Bonded Warehouse	Lianyungang	Lianyungang	Storage for processing trade enterprises and foreign-invested enterprises for processing export products required for the production of raw materials imports and overseas general transit goods		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
16	Lianyungang Kaida International Logistics Co., Ltd.	Lianyungang	Lianyungang	To import and export cargo shipping international transport agency business, including: canvassing, booking, storage, transit, container LCL, freight settlement, customs clearance etc.		100.00	100.00	Investment
17	Lianyungang Best International Trade Co. Ltd.	Lianyungang	Lianyungang	Mineral products, steel, nonferrous metals, coke, chemical products, building materials, decoration materials, agricultural and sideline products sales		100.00	100.00	Investment
18	Lianyungang Xinlian Wood Industry Co., Ltd.	Lianyungang	Lianyungang	Wood processing and wood, bamboo, rattan and grass products industry		100.00	100.00	Transfer
19	Lianyungang Lianheyi Commerce Technology Service Co., Ltd.	Lianyungang	Lianyungang	Science and technology promotion and application services		100.00	100.00	Investment
20	Lianyungang Yada import and export auto parts trading comp	Lianyungang	Lianyungang	Cargo transportation insurance, motor vehicle insurance, auto parts sales		100.00	100.00	Transfer
21	Shanghai Yungang Shipping Co., Ltd.	Shanghai	Shanghai	Shipping agency, shipping		51.00	51.00	Investment
22	Lianyungang Dongliang Wharf Co., Ltd.	Lianyungang	Lianyungang	Port cargo unloading, warehousing (except hazardous chemicals), port transport; domestic freight forwarding etc.	71.89		100.00	Investment
23	Lianyungang New Bay Wharf Co., Ltd.	Lianyungang	Lianyungang	Wharf development and construction	65.00	25.00	90.00	Investment
24	Lianyungang Hongyun Industrial Co., Ltd.	Lianyungang	Lianyungang	Diving operations and maintenance of the ship; domestic shipping agent	100.00		100.00	Investment
25	Lianyungang Tianhua Industrial Co. Ltd.	Lianyungang	Lianyungang	Drinking purified water production, sales	100.00		100.00	Investment
26	Lianyungang New Marine Investment Development Co., Ltd.	Lianyungang	Lianyungang	The development and operation of investment, terminal management and supporting facilities; import and export trade	100.00		100.00	Investment
27	Lianyungang Shenggang Disinfect Engineering Services Co., Ltd.	Lianyungang	Lianyungang	Pest control services and disinfect equipment retail; termite control, cleaning		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
28	Lianyungang Runtong Environmental Engineering Co. Ltd.	Lianyungang	Lianyungang	Environmental engineering construction		100.00	100.00	Investment
29	Lianyungang XinhuiyueTug Co. Ltd.	Lianyungang	Lianyungang	As the ship out of the harbor, dock, shifting with pushing and pulling service		70.00	70.00	Investment
30	Yancheng Haixing Tug Co. Ltd.	Yancheng	Yancheng	Tug service		70.00	70.00	Investment
31	Wuyishan Jinchuan Investment and Development Co., Ltd.	Wuyishan	Wuyishan	Real estate development and management, tourism project investment and development, property management, landscape art design and construction		59.51	59.51	Corporate merger not under the same control
32	Lianyungang Yunyang Investment Co., Ltd.	Lianyungang	Lianyungang	Trade		100.00	100.00	Investment
33	Xinyi Port (Lianyungang) Wharf Co., Ltd.	Lianyungang	Lianyungang	The development and operation of wharf and ancillary facilities, bulk cargo handling, storage, transit	100.00		100.00	Investment
34	Lianyungang Port Construction Project Management Co., Ltd.	Lianyungang	Lianyungang	Construction project management	100.00		100.00	Investment
35	Lianyungang Port Engineering Design & Research Institute Co., Ltd.	Lianyungang	Lianyungang	Waterway engineering design, earthwork foundation treatment	100.00		100.00	Investment
36	Lianyungang Keyi Engineering Construction Supervision Co., Ltd.	Lianyungang	Lianyungang	Engineering construction supervision		100.00	100.00	Investment
37	Lianyungang Xianda New Technology Engineering Company	Lianyungang	Lianyungang	Engineering Science and technology research, technical service. Foundation engineering, blasting engineering		100.00	100.00	Investment
38	Lianyungang Port Engineering Test Center Co., Ltd.	Lianyungang	Lianyungang	Engineering Materials Physics, chemical performance test, engineering quality inspection, etc.		100.00	100.00	Investment
39	Jiangsu Golden Harbour International Logistics Industry Company	Lianyungang	Lianyungang	International freight forwarding; domestic freight forwarding; domestic shipping agency; storage; investment		100.00	100.00	Investment
40	Lianyungang Golden Harbour Dongsu port Expressway Co. Ltd.	Lianyungang	Lianyungang	Dongsu highway engineering construction investment, development and management		100.00	100.00	Investment
41	Lianyungang New Yuntai Terminal Co. Ltd.	Lianyungang	Lianyungang	Wharf construction engineering construction, technical consultation		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
42	Lianyungang Foreign Shipping Tally Co. Ltd.	Lianyungang	Lianyungang	International and domestic shipping tally business; international and domestic container business	84.00		84.00	Investment
43	Lianyungang Ocean Shipping Inspection Co., Ltd	Lianyungang	Lianyungang	inspection services	100.00		100.00	Investment
44	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang	Lianyungang	Communication equipment and communication cable engineering construction	100.00		100.00	Investment
45	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang	Lianyungang	The port information platform of information system development and management, incoming data exchange service, information system engineering design, installation, technical consultation	50.61		50.61	Investment
46	Jiangsu Yunlian Information Corp	Nanjing	Nanjing	Logistics and Internet of information systems research and development, operations, management, services, information technology consulting services, etc		45.13	45.13	Corporate merger not under the same control
47	Lianyungang Shanghai Guarantee Co., Ltd.	Lianyungang	Lianyungang	Financing guarantee business	100.00		100.00	Investment
48	Lianyungang New Silk Road International Container Development Co. Ltd.	Lianyungang	Lianyungang	Container handling, loading and unloading, LCL, cut packing, storage; contractors shipping, transportation and other international transport agency business	100.00		100.00	Investment
49	Shanghai (Hongkong) Investment and Development Co. Ltd.	Hongkong	Hongkong	Investment ,International trade etc.	100.00		100.00	Investment
50	Shanghai (Hongkong) International Trade Co. Ltd.	Hongkong	Hongkong	International trade		100.00	100.00	Investment
51	Shanghai (Hongkong) Leasing Co. Ltd.	Hongkong	Hongkong	Finance leasing		100.00	100.00	Investment
52	Shanghai (Hongkong) Ship Finance Leasing Co., Ltd.	Hongkong	Hongkong	Finance leasing		100.00	100.00	Investment
53	Shanghai (Hongkong) International Investment Co. Ltd.	Hongkong	Hongkong	Investment ,International trade etc.		100.00	100.00	Investment
54	Lianyungang Xiangchang International Trade Co., Ltd.	Lianyungang	Lianyungang	Trade		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
55	Shanghai financial leasing (Lianyungang) Co., Ltd.	Lianyungang	Lianyungang	Lease		100.00	100.00	Investment
56	Jiangsu New Horizon International Trade Co., Ltd.	Nanjing	Nanjing	Trade		100.00	100.00	Investment
57	Lianyungang New Luyuan International Container Storage and Transportation Co., Ltd.	Lianyungang	Lianyungang	Container Storage and Transportation		100.00	100.00	Investment
58	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang	Lianyungang	Logistics		51.00	51.00	Investment
59	Lianyungang Xinwei port wharf Co., Ltd	Lianyungang	Lianyungang	General storage service; wharf development and construction	100.00		100.00	Investment
60	Jiangsu New Longgang Port Co., Ltd.	Lianyungang	Lianyungang	Terminals and other port facilities services; provide cargo handling and storage services (only for trial operation); construction of port terminals	86.01		86.01	Investment
61	Lianyungang Jiangang Industrial Co., Ltd.	Lianyungang	Lianyungang	Harbor engineering design, consultation, measurement, construction contract, railway engineering construction	100.00		100.00	Investment
62	Lianyungang Zhongha International Logistics Co., Ltd.	Lianyungang	Lianyungang	International multimodal transport, disassembly and assembly boxes, shipping, warehousing, packaging, cargo loading and unloading, monitoring, acting and other international freight forwarding agent	51.00		51.00	Investment
63	Jiangsu Shanghe Logistics Park Development Co., Ltd.	Lianyungang	Lianyungang	Port infrastructure construction and investment	100.00		100.00	Investment
64	Lianyungang Hui Xin Asset Management Co., Ltd.	Lianyungang	Lianyungang	Investment and asset management	100.00		100.00	Investment
65	Lianyungang Hui Jia Asset Management Co., Ltd.	Lianyungang	Lianyungang	Investment and asset management		100.00	100.00	Investment
66	Lianyungang Lianhe International Container Development Co., Ltd	Lianyungang	Lianyungang	Container handling, loading and unloading, LCL and other services	100.00		100.00	Investment
67	Shanghai Yu Zhou Shipping Co., Ltd.	Shanghai	Shanghai	Freight forwarding agent		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
68	Lianyungang Kaida International Shipping Agency Co., Ltd.	Lianyungang	Lianyungang	The goods for customs clearance, shipping and transit cargo; and tourist organization, agreed to contact the water rescue.		100.00	100.00	Investment
69	Ningxia Gangtong International Logistics Co., Ltd	Ningxia	Ningxia	International transport agency business for the import and export of goods by sea		60.00	60.00	Corporate merger not under the same control
70	Suqian Traffic Logistics Co., Ltd.	Suqian	Suqian	Freight forwarding agent		60.00	60.00	Corporate merger not under the same control
71	Jiangsu Tonglian International Logistics Co., Ltd.	Xinyi	Xinyi	Freight forwarding agent		54.00	54.00	Corporate merger not under the same control
72	Xian Continental Bridge International Logistics Co., Ltd.	Xian	Xian	Container ship loading and unloading and site operations		60.00	60.00	Corporate merger not under the same control
73	Xian Camel customer Electronic Commerce Co., Ltd.	Xian	Xian	Warehousing services, etc.		60.00	60.00	Investment
74	Xinjiang Bridge International Logistics Co., Ltd.	Khorgos	Khorgos	Agent; storage; loading and unloading		55.00	55.00	Corporate merger not under the same control
75	Lianyungang New Oriental Container Terminal Co., Ltd.	Lianyungang	Lianyungang	Container ship loading and unloading and site operations	51.00		51.00	Corporate merger not under the same control
76	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang	Lianyungang	Investment, development and operation of port, wharf and supporting facilities; loading, unloading, warehousing and transit of cargo	40.00		51.00	Corporate merger not under the same control
77	Lianyungang New Sugang wharf Co., Ltd	Lianyungang	Lianyungang	Loading, unloading and stacking of goods, operation and management of wharfs and wharfs facilities		51.00	51.00	Corporate merger not under the same control
78	Lianyungang New Sugang International Logistics Co., Ltd	Lianyungang	Lianyungang	Cargo loading and unloading, cargo storage, port facilities, equipment and port machinery leasing and maintenance services		100.00	100.00	Corporate merger not under the same control
79	Lianyungang Xinjie Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
80	Lianyungang Xinliang Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
81	Lianyungang Xinyin Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
82	Lianyungang Xinhao Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
83	Lianyungang Xinbi Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
84	Lianyungang Xinhuan Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
85	Lianyungang Xinzheng Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
86	Lianyungang Port Catering Service Co., Ltd.	Lianyungang	Lianyungang	Catering service	100.00		100.00	Investment
87	Lianyungang Xinli Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
88	Lianyungang Xinya Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
89	Jiangsu Lanbao Star Technology Co., Ltd	Lianyungang	Lianyungang	R & D and consultation of Internet of things technology, intelligent technology and information technology	100.00		100.00	Investment
90	Lianyungang Jinhe development and Construction Co., Ltd	Lianyungang	Lianyungang	Municipal Facilities Management	100.00		100.00	Investment
91	Jiangsu Xinhang Electric Co., Ltd	Lianyungang	Lianyungang	Development of ship, offshore platform electrification and automation engineering, shore power engineering, etc	100.00		100.00	Corporate merger not under the same control
92	Lianyungang new Coast Real Estate Development Co., Ltd	Lianyungang	Lianyungang	Real estate development	100.00		100.00	Corporate merger not under the same control

Items	12/31/2020 / 2020 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Zhongli Foreign Shipping Tally Co. Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd.	Jiangsu New Longgang Port Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.
assets										
Total assets	9,271,116,968.01	34,702,999.17	92,920,835.67	101,995,172.19	2,356,383,238.09	2,354,958,520.10	722,422,153.81	432,945,260.63	3,312,623,597.97	2,187,521,787.76
Current liabilities	1,800,511,190.85	5,960,023.99	11,417,157.14	4,440,353.10	492,709,465.43	1,174,139,678.74	283,995,517.80	8,529,152.56	588,657,807.19	130,945,547.83
Non-current liabilities	2,856,918,543.91				1,036,043,318.51		272,487,742.03	3,290,800.00	1,052,666,399.17	818,946,875.01
Total liabilities	4,657,429,734.76	5,960,023.99	11,417,157.14	4,440,353.10	1,528,752,783.94	1,174,139,678.74	556,483,259.83	12,219,952.56	1,641,324,206.36	949,892,422.84
Operating income	1,621,949,630.33	38,413,540.59	56,934,866.01	64,264,061.32	320,124,042.20	1,816,665,247.01	46,387,050.08	60,630,617.40	577,578,626.74	238,912,826.48
Net profit	94,306,995.75	9,210,891.40	21,605,507.46	3,693,802.75	21,090,689.19	73,890,495.22	7,173,983.36	79,715.19	97,316,754.34	3,796,506.70
Total comprehensive income	94,306,995.75	9,210,891.40	21,605,507.46	3,693,802.75	21,090,689.19	73,890,495.22	7,173,983.36	79,715.19	97,316,754.34	3,796,506.70
Net cash flows from operating activities	-120,596,785.55	7,164,960.68	20,775,977.93	5,914,276.69	134,223,605.70	-14,594,533.12	75,351,385.60	10,676,487.29	375,510,124.04	126,913,350.44

(Continued)

Items	12/31/2019 / 2019 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Zhongli Foreign Shipping Tally Co. Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd.	Jiangsu New Longgang Port Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.
Current assets	2,398,515,319.83	15,920,197.54	84,379,471.41	57,226,421.43	189,422,410.69	1,854,659,546.82	185,833,001.86	52,608,088.97	369,072,449.96	95,753,612.18
Non-current assets	7,007,929,040.00	14,801,435.38	12,689,514.87	43,793,298.00	2,218,671,755.01	318,035,222.52	415,925,275.97	387,813,139.45	3,100,347,063.94	2,169,482,982.31
Total assets	9,406,444,359.83	30,721,632.92	97,068,986.28	101,019,719.43	2,408,094,165.70	2,172,694,769.34	601,758,277.83	440,421,228.42	3,469,419,513.90	2,265,246,594.49
Current liabilities	1,901,868,178.37	7,189,549.14	18,875,767.90	7,158,703.09	613,766,230.78	1,063,976,490.65	145,993,367.21	16,184,835.54	1,133,286,650.69	87,395,735.83
Non-current liabilities	2,980,974,419.38	-	20,026.49	-	987,887,733.97	-	297,000,000.00	3,590,800.00	758,666,399.37	944,018,000.44
Total liabilities	4,882,872,597.75	7,189,549.14	18,895,794.39	7,158,703.09	1,601,653,964.75	1,063,976,490.65	442,993,367.21	19,775,635.54	1,891,953,050.06	1,031,413,736.27

Items	12/31/2019 / 2019 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Zhongli Foreign Shipping Tally Co., Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd.	Jiangsu New Longgang Port Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.
Operating income	1,425,201,159.09	34,656,029.52	65,429,825.31	41,196,146.97	313,850,456.07	1,396,022,751.65	36,963,276.49	76,553,420.05	540,122,164.31	220,207,475.34
Net profit	33,140,687.89	4,807,310.50	23,184,279.10	3,444,366.27	2,663,273.80	35,907,767.71	3,822,631.94	51,947.85	58,267,051.66	-18,902,859.50
Total comprehensive income	33,148,925.28	4,807,310.50	23,184,279.10	3,444,366.27	2,663,273.80	35,907,767.71	3,822,631.94	51,947.85	58,267,051.66	-18,902,859.50
Net cash flows from operating activities	587,613,696.62	8,687,516.40	13,221,489.27	1,378,787.52	94,788,419.65	74,575,490.46	-68,019,065.14	-1,615,710.28	247,136,600.99	132,839,359.87

2 Interests in Joint Ventures or Associates

2.1 Important Joint Ventures or Associates

Name of Joint Venture/Associate	Operation Site	Registration Place	Business Nature	Shareholding Proportion		Accounting Method
				Direct	Indirect	
Associates:						
Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang	Lianyungang	Container ship loading and unloading and site operations		45.00%	Equity method
Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang	Lianyungang	Production and processing of soybean products and by-products	20.00%		Equity method
New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang	Lianyungang	Terminal, loading and unloading, storage transit		38.00%	Equity method
Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang	Lianyungang	Surface active agent, auxiliary agent, natural spice	20.00%		Equity method
Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Lianyungang	Lianyungang	Processing and sale of liquefied petroleum gas	25.00%		Equity method
Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang	Lianyungang	Tally	35.00%		Equity method
Lianyungang Port International Petrochemical Storage Co., Ltd.	Lianyungang	Lianyungang	Cargo warehousing s	49.00%		Equity method
Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang	Lianyungang	Cargo agent	35.00%		Equity method
Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang	Lianyungang	Petrochemical industry	37.50%		Equity method

2.2 Key financial information of important associated enterprises

	12/31/2020 / 2020 (Jan-Dec)								
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Current assets	1,631,787,512.52	7,453,851.98	3,089,112,765.34	12,955,228.33	75,929,170.77	5,371,706.59	38,445,054.55	226,551,981.65	142,562,789.33
Non-current assets	214,739,354.00	217,572,743.19	623,713,918.14	2,916,931.07	738,340,593.35	55,478,147.09	446,799,537.67	329,219,336.81	769,468,347.28
Total assets	1,846,526,866.52	225,026,595.17	3,712,826,683.48	15,872,159.40	814,269,764.12	60,849,855.67	485,244,592.22	556,171,318.46	912,031,136.61
Current liabilities	1,342,753,920.23	70,659,271.61	2,738,090,832.43	3,945,219.92	551,425,861.45	3,528,766.03	217,536,942.58	45,383,684.41	78,226,709.09
Non-current liabilities			3,095,601.62				175,810,000.00	6,548,201.61	33,791.76
Total liabilities	1,342,753,920.23	70,659,271.61	2,741,186,434.05	3,945,219.92	551,425,861.45	3,528,766.03	393,346,942.58	51,931,886.02	78,260,500.85
Non-controlling interests									
Total equity attributable to owners of the parent company	503,772,946.29	154,367,323.56	971,640,249.43	11,926,939.48	262,843,902.67	57,321,089.64	91,697,649.64	504,239,432.44	833,770,635.76
Share of net assets calculated by shareholding ratio	100,754,589.26	38,591,830.89	194,328,049.90	4,174,428.82	98,566,463.50	20,062,381.37	45,029,848.32	191,610,984.33	375,196,786.09
Adjustment items						35,083,913.90		1,652,253.38	432,146.81
Including-Goodwill									
Unrealized profit of internal transaction									
Others						35,083,913.90		1,652,253.38	432,146.81
Book value of equity investment in associated enterprises	100,754,589.26	38,591,830.89	194,328,049.90	4,174,428.82	98,566,463.50	55,146,295.27	45,029,848.32	193,263,237.71	375,628,932.90

		12/31/2020 / 2020 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Fair value of equity investment with public offer									
Operating income	1,846,902,737.91	46,970,928.84	7,739,086,037.29	23,792,110.85	59,322,078.55	5,590,597.38	56,220,480.89	280,196,978.80	315,278,148.53
Net profit	48,270,917.89	106,043.11	354,411,672.75	6,861,448.51	12,305,128.45	-2,445,665.38	-19,295,771.58	39,085,889.85	91,045,880.31
Other comprehensive income			9,152,918.30						
Total comprehensive income	48,270,917.89	106,043.11	363,564,591.05	6,861,448.51	12,305,128.45	-2,445,665.38	-19,295,771.58	39,085,889.85	91,045,880.31
Dividends received from associated enterprises in the current period								4,954,061.22	45,000,000.00

(Continued)

		12/31/2019 / 2019 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Current assets	1,603,102,822.40	11,331,991.78	4,263,554,627.51	13,602,796.02	58,577,054.52	16,793,417.00	48,997,626.24	222,194,707.10	116,633,389.95
Non-current assets	240,932,155.31	240,537,559.59	630,060,604.92	2,926,425.30	751,317,133.46	56,138,821.87	462,750,381.29	331,050,102.70	804,706,261.34
Total assets	1,844,034,977.71	251,869,551.37	4,893,615,232.43	16,529,221.32	809,894,187.98	72,932,238.87	511,748,007.53	553,244,809.80	921,341,651.29
Current liabilities	1,388,468,768.62	97,522,332.52	4,282,943,945.85	5,399,581.66	475,790,129.77	13,165,483.85	173,355,693.77	65,745,165.82	78,579,391.13

		12/31/2019 / 2019 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Non-current liabilities			2,595,628.10		80,000,000.00		226,720,000.00	9,309,098.18	37,504.71
Total liabilities	1,388,468,788.62	97,522,332.52	4,285,539,573.95	5,399,581.66	555,790,129.77	13,165,483.85	400,075,693.77	75,054,284.00	78,616,895.84
Non-controlling interests									
Total equity attributable to owners of the parent company	455,566,189.09	154,347,218.85	608,075,658.48	11,129,639.66	254,104,058.21	59,766,755.02	111,672,313.76	478,190,545.80	842,724,755.45
Share of net assets calculated by shareholding ratio	91,113,237.82	38,586,804.71	121,615,131.70	3,895,373.88	95,289,021.83	20,918,364.26	54,719,433.74	181,712,407.40	379,226,139.95
Adjustment items						35,083,913.90		1,251,965.82	-269,537.07
Including: Goodwill									
Unrealized profit of internal transaction									
Others						35,083,913.90		1,251,965.82	-269,537.07
Book value of equity investment in associated enterprises	91,113,237.82	38,586,804.71	121,615,131.70	3,895,373.88	95,289,021.83	56,002,278.16	54,719,433.74	182,964,373.22	378,956,602.88
Fair value of equity investment with public offer									
Operating income	1,509,806,999.81	41,903,976.95	6,369,622,063.66	24,121,840.98	231,250,809.14	34,069,685.16	21,054,648.89	254,731,179.39	325,371,251.75
Net profit	40,352,615.90	230,123.96	56,472,600.55	6,939,329.17	8,627,791.55	-564,919.54	-41,461,464.21	14,485,559.12	90,702,542.16

		12/31/2019 / 2019 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Other comprehensive income			15,685,359.58						
Total comprehensive income	40,352,615.90	230,123.96	72,157,960.13	6,939,329.17	8,627,791.55	-564,919.54	-41,461,464.21	14,485,559.12	90,702,542.16
Dividends received from associated enterprises in the current period	73,200,000.00	57,531.00	154,000,000.00	2,449,203.93				4,495,031.39	31,500,000.00

VIII. Related Parties and Related Party Transactions

1. The Parent Company of the Company

Name of parent company	Registration Place	Business nature	Registered capital (10 thousand)	Shareholding Proportion (%)	Voting rights (%)
Lianyungang port Holding Group Co., Ltd.	Lianyungang	Port operations, capital operation	1,054,915.00	89.51	100.00

2. Subsidiaries of the Company:

For details please see Note VII.1.

3. Joint Venture and Associate of the Company

For details please see Note VII.2.

4. Other related party

Name of other related party	Relationship with the Company
Lianyungang Port Holding Group Xuwei Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Holding Group Ganyu Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Holding Group Guanyun Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Public Property Management Co., Ltd.	Subsidiary company of parent company
Jiangsu Golden Harbour Investment Co., Ltd	Subsidiary company of parent company
Jiangsu Guanhe International Port Co., Ltd.	Subsidiary company of parent company
Lianyungang Golden Harbour Construction Development Co. Ltd.	Subsidiary company of parent company

5. Related Party Transactions

Type	Provider	Receiver	2020(Jan-Dec)
Provide service	Lianyungang Foreign Shipping Tally Co. Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	6,362,030.47
Provide service	Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang Yuangang Logistics Co., Ltd	1,597,479.40
Provide service	Lianyungang Yuangang Logistics Co., Ltd	Lianyungang New Oriental International Container Terminal Co., Ltd.	1,291,087.34
Provide service	Lianyungang New Oriental International Container Terminal Co., Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	14,540,466.67
Provide service	Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang new aogang clean energy Co., Ltd	64,228.00
Provide service	Lianyungang new Oriental International Container Terminal Co., Ltd	Lianyungang New Oriental International Container Terminal Co., Ltd.	87,014.99
Provide service	Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	1,340,912.28
Provide service	China Lianyungang Ocean Shipping Agency Co., Ltd	Lianyungang Port International Petrochemical Port Co., Ltd	3,398,513.60
Provide service	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Lianyungang Port International Petrochemical Port Co., Ltd	8,338,304.48
Provide service	Lianyungang Port International Petrochemical Storage Co., Ltd.	Lianyungang Port International Petrochemical Port Co., Ltd	14,116,064.30
Provide service	Lianyungang new aogang clean energy Co., Ltd	Lianyungang New Yantai Terminal Co. Ltd.	229,716.34
Provide service	Lianyungang New Yantai Terminal Co. Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	29,755.19
Provide service	New Land Bridge (lianyungang) Terminal Co., Ltd.	Lianyungang New Yantai Terminal Co. Ltd.	60,647.52
Sale	Lianyungang Port Group Material Branch	Lianyungang Yuangang Logistics Co., Ltd	3,586,205.40

Type	Provider	Receiver	2020(Jan-Dec)
Sale	Lianyungang Port Group Material Branch	Lianyungang new Oriental International Container Terminal Co., Ltd	6,217,792.35
Sale	Lianyungang Port Group Material Branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	17,261,978.43
Sale	Lianyungang Port Group Material Branch	Lianyungang Port International Petrochemical Storage Co., Ltd.	15,926.25
Sale	Lianyungang Port Group Material Branch	Jiangsu Xinsugang Investment Development Co., Ltd	15,112.50
Sale	Lianyungang Port Group Material Branch	Lianyungang Zhonglian tally Co., Ltd	102,675.00
Sale	Lianyungang Port Group Material Branch	Yihai (Lianyungang) grain and oil industry Co., Ltd	782,354.11
Sale	Lianyungang Port Group Material Branch	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	641.25
Sale	Lianyungang Port Group Material Branch	Fengyi oil technology (Lianyungang) Co., Ltd	117,021.30
Sale	Lianyungang Port Group Material Branch	Jiangsu Xinwei multimodal transport Co., Ltd	6,516.65
Sale	Lianyungang Port Group Material Branch	Lianyungang Shihua crude oil terminal Co., Ltd	21,127.40
Sale	Lianyungang Port Group Material Branch	Lianyungang Lianhe New Building Materials Technology Co., Ltd	15,065.00
Sale	Lianyungang Port Group Material Branch	Fengyi alcohol industry (Lianyungang) Co., Ltd	14,890.04
Leasing assets	Lianyungang Port International Petrochemical Storage Co., Ltd.	Lianyungang Port Group Material Branch	1,123,735.70
Sale	Lianyungang Tianhua Industrial Co. Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	771,510.00
Sale	Lianyungang Tianhua Industrial Co. Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	7,134.00
Sale	Lianyungang Tianhua Industrial Co. Ltd.	Yihai (Lianyungang) grain and oil industry Co., Ltd	180,429.10
Sale	Lianyungang Tianhua Industrial Co. Ltd.	Fengyi oil technology (Lianyungang) Co., Ltd	69,856.80
Sale	Lianyungang Tianhua Industrial Co. Ltd.	Fengyi alcohol industry (Lianyungang) Co., Ltd	13,752.20
Provide service	Railway Transport Company	Lianyungang Yuangang Logistics Co., Ltd	1,119,777.06
Provide service	Railway Transport Company	China Lianyungang Ocean Shipping Agency Co., Ltd	419,734.98
Provide service	Railway Transport Company	Lianyungang new Oriental International Container Terminal Co., Ltd	136,813.20
Provide service	Railway Transport Company	New Land Bridge (lianyungang) Terminal Co., Ltd.	13,272,406.61
Provide service	Railway Transport Company	Lianyungang MTR International Container Multimodal Transport Co., Ltd	596,675.00
Provide service	Railway Transport Company	Yihai (Lianyungang) grain and oil industry Co., Ltd	751,286.92
Provide service	Railway Transport Company	Fengyi oil technology (Lianyungang) Co., Ltd	3,874.64
Provide service	Lianyungang Port Catering Service Co., Ltd.	Lianyungang MTR International Container Multimodal Transport Co., Ltd	7,280.00
Provide service	Lianyungang Port Catering Service Co., Ltd.	Lianyungang Jinneng Logistics Co., Ltd	3,206.00
Provide service	Lianyungang Port Catering Service Co., Ltd.	Lianyungang Lianhe New Building Materials Technology Co., Ltd	20,292.00
Provide service	Lianyungang Port Catering Service Co., Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	400
Provide service	Lianyungang Port Catering Service Co., Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	3,064,357.92
Provide service	Reception center	Lianyungang Sinotrans Chemical International Logistics Co., Ltd	17,325.00
Provide service	Reception center	Jiangsu Xinsugang Investment Development Co., Ltd	7,920.00
Provide service	Jiangsu Lanbao Star Technology Co., Ltd	Lianyungang Yuangang Logistics Co., Ltd	167,488.00
Provide service	Lianyungang Zhongha International Logistics Co., Ltd.	Lianyungang MTR International Container Multimodal Transport Co., Ltd	779,611.00
Provide service	Lianyungang Zhongha International Logistics Co., Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	14,025.00

Type	Provider	Receiver	2020(Jan-Dec)
Provide service	Lianyungang MTR International Container Multimodal Transport Co., Ltd	Lianyungang Zhongha International Logistics Co., Ltd.	4,485.00
Provide service	Lianyungang Yuangang Logistics Co., Ltd	Lianyungang Zhongha International Logistics Co., Ltd.	69,555.00
Provide service	Lianyungang new Oriental International Container Terminal Co., Ltd	Lianyungang Zhongha International Logistics Co., Ltd.	239,618.40
Sale	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Yuangang Logistics Co., Ltd	505,326.36
Sale	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang new Oriental International Container Terminal Co., Ltd	8,278,366.99
Sale	Lianyungang Port Group Power Supply Engineering Co., Ltd	New Land Bridge (lianyungang) Terminal Co., Ltd.	14,281,856.62
Sale	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Port International Petrochemical Storage Co., Ltd.	1,255,691.81
Sale	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	582,488.15
Provide service	Lianyungang Keyi Engineering Construction Supervision Co., Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	27,000.00
Provide service	Lianyungang Keyi Engineering Construction Supervision Co., Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	160,000.00
Provide service	Lianyungang Port Engineering Design & Research Institute Co., Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	2,307,740.00
Provide service	Lianyungang Port Engineering Design & Research Institute Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	73,157.50
Provide service	Lianyungang Port Group Co., Ltd Ferry Branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	155,921.00
Provide service	Lianyungang Port Group Co., Ltd Ferry Branch	China Lianyungang Ocean Shipping Agency Co., Ltd	31,737,425.00
Provide service	Lianyungang Port Group Co., Ltd Ganyu Ferry Branch	China Lianyungang Ocean Shipping Agency Co., Ltd	1,815,900.00
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Yuangang Logistics Co., Ltd	323,393.08
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	57,241.04
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang MTR International Container Multimodal Transport Co., Ltd	16,542.70
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang new aogang clean energy Co., Ltd	8,457.30
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Jiangsu Xinwei multimodal transport Co., Ltd	106,182.29
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Jinneng Logistics Co., Ltd	4,471.30
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Shihua crude oil terminal Co., Ltd	23,064.00
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang new Oriental International Container Terminal Co., Ltd	855,501.17
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	620,091.56
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	231,450.70
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Jiangsu Xinsugang Investment Development Co., Ltd	83,759.30
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Wanbang bulk logistics Co., Ltd	45,116.00

Type	Provider	Receiver	2020(Jan-Dec)
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Zhonglian tally Co., Ltd	106,784.20
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Sinotrans Chemical International Logistics Co., Ltd	18,083.30
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	152,138.10
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Yihai (Lianyungang) grain and oil industry Co., Ltd	131,814.10
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Fengyi oil technology (Lianyungang) Co., Ltd	24,130.68
Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Fengyi alcohol industry (Lianyungang) Co., Ltd	19,351.90
Total			166,484,521.94

6. Receivables and Payables of Related Parties

6.1 Receivables

Related parties	12/31/2020		12/31/2019	
	Book Balance	Provision for bad debt	Book Balance	Provision for bad debt
Accounts receivable:				
Lianyungang Port Public Property Management Co., Ltd.	365,490,769.80		565,490,769.80	
Lianyungang Port Holding Group Xuwei Co., Ltd.	321,382,379.15		321,382,379.15	
Lianyungang Golden Harbour Construction Development Co. Ltd.	245,751,608.11		245,751,608.11	
Sub-total	932,624,757.06		932,624,757.06	-
Other receivables:				
Jiangsu Guanhe International Port Co., Ltd.	99,343,522.23		67,502,990.00	
Lianyungang Port Public Property Management Co., Ltd.	270,000,000.00		777,000,000.00	
Lianyungang Port Holding Group Ganyu Co., Ltd.	32,533.17		32,533.17	
Lianyungang Port Holding Group Xuwei Co., Ltd.	1,255,171,185.61		1,143,980,356.90	
Lianyungang Port Holding Group Guanyun Co., Ltd.	66,970,049.98		58,259,674.80	
Lianyungang Port Holding Group Co., Ltd.	1,786,168,043.34		1,579,603,040.39	
Lianyungang Golden Harbour Construction Development Co. Ltd.	148,498,538.60		141,498,538.60	
Lianyungang Golden Harbour Investment Co. Ltd.	1,782,978,400.00			
Sub-total	5,409,162,272.93		4,641,207,715.81	
Total	6,341,787,029.99		5,640,669,142.30	

IX. Commitments and Contingencies

1. Commitment Issues

There is no significant commitment at December 31, 2020.

2. Contingencies

The company provides guarantees to generate contingent liabilities:

As of December 31, 2020, the company's external guarantee for the total amount within group of RMB

6356.0038 million and USD 110.99 million, detailed as follows:

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled	
Within group:						
Lianyungang Dongliang Wharf Co., Ltd	RMB	2016-8-30	2031-8-31	24,150.00	No	
Lianyungang New Oriental International Container Terminal Co., Ltd.	RMB	2016-10-8	2032-12-20	14,560.00	No	
	RMB	2017-2-4	2032-12-20	19,482.00	No	
Lianyungang Port Logistics Co., Ltd.	RMB	2020-3-18	2021-3-17	5,880.00	No	
	RMB	2020-6-3	2021-6-1	300.00	No	
	RMB	2020-12-31	2021-12-30	3,000.00	No	
	RMB	2020-12-17	2021-10-8	2,000.00	No	
	RMB	2020-10-15	2021-10-14	5,000.00	No	
	RMB	2020-11-27	2021-11-26	5,000.00	No	
	RMB	2020-1-19	2021-1-18	10,000.00	No	
	RMB	2020-8-7	2021-8-6	3,000.00	No	
	RMB	2020-8-18	2021-8-17	5,000.00	No	
	RMB	2020-9-25	2021-9-24	1,990.00	No	
	RMB	2020-12-1	2021-12-1	3,000.00	No	
	RMB	2020-11-6	2021-11-5	6,000.00	No	
	RMB	2020-11-23	2021-11-22	3,000.00	No	
	RMB	2020-2-19	2021-2-18	3,000.00	No	
	RMB	2020-8-10	2021-4-19	4,000.00	No	
	RMB	2020-12-4	2021-12-3	1,000.00	No	
	RMB	2020-9-27	2021-3-19	5,000.00	No	
	RMB	2020-5-26	2021-5-25	5,000.00	No	
	Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	RMB	2020-6-4	2021-6-3	6,000.00	No
		RMB	2020-12-29	2021-5-28	4,000.00	No
RMB		2020-6-16	2021-6-15	10,000.00	No	
Lianyungang Kaida International Shipping Agency Co., Ltd.	RMB	2020-9-23	2021-9-22	1,000.00	No	
	RMB	2020-5-13	2021-5-12	3,650.00	No	
	RMB	2020-3-30	2021-3-29	1,000.00	No	
	RMB	2020-2-25	2021-2-24	6,500.00	No	
Lianyungang Bridge Public Bonded Warehouse	RMB	2020-7-23	2021-2-21	1,000.00	No	
	RMB	2020-6-15	2021-6-1	500.00	No	
	RMB	2020-12-8	2021-6-11	500.00	No	
Lianyungang Yugang Bonded Service Co., Ltd.	RMB	2020-7-30	2021-7-29	1,000.00	No	
	RMB	2020-12-17	2021-6-1	500.00	No	
	RMB	2020-12-24	2021-6-26	300.00	No	
Lianyungang Best International Trade Co. Ltd.	RMB	2020-6-30	2021-6-26	200.00	No	
	RMB	2020-9-24	2021-9-23	1,000.00	No	
	RMB	2020-12-9	2021-6-22	500.00	No	
Lianyungang Kaida Shipping Agency Co., Ltd.	RMB	2020-2-25	2021-1-19	500.00	No	
	RMB	2020-9-17	2021-9-16	1,000.00	No	
	RMB	2019-12-30	2021-3-31	730.00	No	
Lianyungang highway port Co., Ltd	RMB	2020-11-6	2021-11-4	500.00	No	
	RMB	2016-10-18	2031-10-18	15,039.00	No	
Ningxia Gangtong International	RMB	2017-2-4	2031-4-1	4,424.00	No	
	RMB	2020-3-11	2021-3-11	1,100.00	No	

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Logistics Co., Ltd	RMB	2020-3-4	2021-3-4	1,000.00	No
	RMB	2020-7-29	2021-7-28	1,800.00	No
Lianyungang port public asset management Co., Ltd	RMB	2016-1-18	2026-1-17	11,250.00	No
	RMB	2016-2-17	2026-2-16	7,900.00	No
	RMB	2020-8-12	2028-8-21	10,000.00	No
	RMB	2020-11-30	2027-11-30	60,000.00	No
	RMB	2020-12-16	2025-12-15	15,500.00	No
	RMB	2020-12-15	2025-12-14	10,000.00	No
Jiangsu Zhugang Construction Group Co., Ltd	RMB	2020-3-20	2021-3-19	4,000.00	No
	RMB	2020-8-20	2021-8-19	3,000.00	No
	RMB	2020-7-8	2021-7-7	5,000.00	No
Lianyungang Huada waterproof material Co., Ltd.	RMB	2019-12-25	2021-7-24	1,000.00	No
Lianyungang New Bay Wharf Co., Ltd.	RMB	2013-5-7	2024-12-20	10,000.00	No
	RMB	2017-5-15	2022-4-15	3,148.04	No
	RMB	2019-4-20	2023-4-10	15,367.34	No
	RMB	2020-8-28	2021-8-27	2,250.00	No
	RMB	2020-2-27	2021-2-26	10,425.00	No
	RMB	2020-6-1	2030-6-17	78,800.00	No
	RMB	2020-7-14	2021-7-13	3,000.00	No
	RMB	2020-6-30	2021-6-29	2,250.00	No
Lianyungang Xinwei port wharf Co., Ltd	RMB	2019-7-12	2033-6-20	81,800.00	No
	RMB	2020-1-16	2021-1-15	3,000.00	No
	RMB	2020-11-20	2021-11-19	3,400.00	No
	RMB	2020-6-17	2021-6-16	3,000.00	No
	RMB	2020-7-30	2021-7-29	2,000.00	No
	RMB	2020-3-2	2021-3-1	2,000.00	No
	RMB	2020-3-25	2021-3-23	3,000.00	No
	RMB	2020-11-12	2021-8-24	2,000.00	No
Jiangsu New Longgang Port Co., Ltd.	RMB	2018-1-30	2025-9-19	24,000.00	No
	RMB	2019-11-30	2022-11-29	2,750.00	No
	RMB	2020-3-20	2021-3-16	1,000.00	No
	RMB	2020-3-27	2021-3-19	1,000.00	No
	RMB	2020-7-31	2021-7-31	1,000.00	No
Jiangsu Shanghe Logistics Park Development Co., Ltd.	RMB	2017-9-22	2027-9-1	4,375.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	RMB	2014-11-6	2024-9-15	13,350.00	No
	RMB	2014-8-26	2024-6-15	5,500.00	No
	RMB	2014-7-28	2024-6-15	10,800.00	No
	RMB	2020-3-18	2021-3-17	1,000.00	No
	RMB	2020-3-23	2021-3-3	4,000.00	No
	RMB	2020-3-18	2023-3-17	490.00	No
	RMB	2020-5-6	2023-5-5	3,480.00	No
Subtotal of RMB guarantee:				620,940.38	
Shanghai (Hongkong) International Trade Co. Ltd.	USD	2016-9-26	2021-7-15	2,000.00	No
	USD	2017-12-13	2022-7-14	1,000.00	No
	USD	2018-12-17	2022-7-14	1,000.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
	USD	2018-12-17	2022-7-14	2,139.00	No
	USD	2020-3-19	2021-3-19	2,000.00	No
	USD	2017-11-1	2021-10-19	1,000.00	No
	USD	2020-7-13	2021-6-28	1,470.00	No
	USD	2020-7-22	2021-6-28	490.00	No
Subtotal of USD guarantee:				11,099.00	
Enterprises outside the group:					
Lianyungang Duwang Logistics Co., Ltd.	RMB	2020-1-15	2021-1-15	500.00	No
Lianyungang Bincheng Building Materials Co., Ltd	RMB	2020-3-25	2021-3-25	400.00	No
Lianyungang Xingyi Fastener Co., Ltd.	RMB	2020-3-23	2021-3-23	150.00	No
Lianyungang orgrima aquaculture Co., Ltd	RMB	2020-3-25	2021-3-25	300.00	No
Lianyungang Chunxuan Trading Co., Ltd	RMB	2020-1-21	2021-1-21	180.00	No
Lianyungang Ou Naide New Material Co., Ltd	RMB	2020-4-27	2021-4-27	200.00	No
Jiangsu Xiangying Logistics Co., Ltd	RMB	2020-4-20	2021-4-20	150.00	No
Lianyungang water conservancy construction and Installation Engineering Co., Ltd	RMB	2020-5-12	2021-5-12	700.00	No
Lianyungang water conservancy construction and Installation Engineering Co., Ltd	RMB	2020-8-5	2021-8-5	350.00	No
Lianyungang Best International Trade Co. Ltd.	RMB	2020-6-24	2021-6-24	1,000.00	No
Lianyungang huashengyun science and Trade Co., Ltd	RMB	2020-6-17	2021-6-17	240.00	No
Lianyungang Fubang International Logistics Co., Ltd.	RMB	2020-7-17	2021-7-17	200.00	No
Jiangsu New Longgang Port Co., Ltd.	RMB	2020-7-31	2021-7-31	1,000.00	No
Lianyungang Fubang International Logistics Co., Ltd.	RMB	2020-8-24	2021-8-24	110.00	No
Lianyungang Pingchuang Industrial Co., Ltd	RMB	2020-8-7	2021-8-7	200.00	No
Yin Hongjun	RMB	2020-8-25	2021-8-25	40.00	No
Lianyungang kaimeng Trading Co., Ltd	RMB	2020-9-18	2021-9-18	500.00	No
Zhai Xingyun	RMB	2020-9-3	2021-9-3	160.00	No
Li Xiaoxia	RMB	2020-9-30	2021-9-30	100.00	No
Lianyungang Deyi Material Trade Co., Ltd.	RMB	2020-9-11	2021-9-11	500.00	No
Lianyungang Huijia Asset Management Co., Ltd	RMB	2020-9-30	2021-9-30	1,000.00	No
Lianyungang New Century Petrochemical Co., Ltd	RMB	2020-10-20	2021-10-20	900.00	No
Lianyungang New Century Petrochemical Co., Ltd	RMB	2020-10-20	2021-10-20	1,000.00	No
Lianyungang Deyi Material Trade Co., Ltd.	RMB	2020-10-19	2021-10-19	1,000.00	No
Jiangsu Wanruida Mechanical and Electrical Engineering Co., Ltd	RMB	2020-10-31	2021-10-31	350.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Zhou Ming	RMB	2020-10-29	2021-10-29	200.00	No
Lianyungang Qihui new building materials Co., Ltd	RMB	2020-11-18	2021-11-18	500.00	No
Lianyungang Tian'an Electromechanical Engineering Co., Ltd	RMB	2020-11-5	2021-11-5	500.00	No
Lianyungang Fuxin Shipping Engineering Co., Ltd	RMB	2020-11-26	2021-11-26	200.00	No
Lianyungang Jinhuichuan Logistics Co., Ltd	RMB	2020-11-25	2021-11-25	80.00	No
Lianyungang Boquan Trading Co., Ltd	RMB	2020-12-10	2021-12-10	450.00	No
Tao Songqing	RMB	2020-12-9	2021-12-9	500.00	No
Jiangsu Xiangying Logistics Co., Ltd	RMB	2020-12-31	2021-12-31	300.00	No
Yuan Jingjing	RMB	2020-12-7	2021-12-7	400.00	No
Lianyungang Rongjin Commercial Concrete Co., Ltd	RMB	2020-12-31	2021-12-31	300.00	No
Subtotal of guarantees outside the group				14,660.00	

X. Post Balance Sheet Event

The Company has no outstanding events occurring after the balance sheet date that require disclosure.

XI. Other Important Information

The Company has no outstanding events occurring after the balance sheet date that require disclosure.

XII. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is RMB Yuan, except other statements)

1. Accounts receivable

1.1 Classification of accounts receivable

Category	12/31/2020				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Accounts receivables with significant single amount and tested for impairment individually					
Accounts receivables tested for impairment on a portfolio basis	804,332,914.17	100.00	36,220,858.40	4.50	768,112,055.77
Aging portfolios	162,207,664.91	20.17	36,220,858.40	22.33	125,986,806.51
Other portfolios	642,125,249.26	79.83			642,125,249.26
Accounts receivables with insignificant single amount but tested for impairment individually					
Total	804,332,914.17	100.00	36,220,858.40	4.50	768,112,055.77

Continued on the table

Category	12/31/2019				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Accounts receivables with significant single amount and tested for impairment individually					
Accounts receivables tested for impairment on a portfolio basis	1,160,328,663.43	100.00	34,977,833.59	3.01	1,125,350,829.84
Aging portfolios	216,790,142.82	18.68	34,977,833.59	16.13	181,812,309.23
Other portfolios	943,538,520.61	81.32			943,538,520.61
Accounts receivables with insignificant single amount but tested for impairment individually					
Total	1,160,328,663.43	100.00	34,977,833.59	3.01	1,125,350,829.84

As for aging portfolios, the Company makes bad debt provisions:

Aging	12/31/2020			12/31/2019		
	Carrying amount	Bad debt provision	%	Carrying amount	Bad debt provision	%
Within 1 year	77,596,959.45	3,879,847.97	5	65,525,571.20	3,276,278.56	5
1-2 year	17,760,483.91	1,776,048.39	10	69,081,343.90	6,908,134.39	10
2-3 year	8,465,637.91	2,539,691.37	30	63,316,950.15	12,663,390.03	20
3-4 year	45,992,839.23	18,397,135.69	40	10,637,911.60	4,255,164.64	40
4-5 year	5,527,218.86	2,763,609.43	50	707,000.00	353,500.00	50
Over 5 year	6,864,525.55	6,864,525.55	100	7,521,365.97	7,521,365.97	100
Total	162,207,664.91	36,220,858.40	22.33	216,790,142.82	34,977,833.59	16.13

As for other portfolios, provision for bad debts was not made.

1.2 Top five entities with the largest balances of the account receivables

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Port Public Property Management Co., Ltd.	Related party	365,490,769.80	2-3 year	45.44	
Lianyungang Hongyun Industrial Co., Ltd	Related party	140,097,817.18	Within 1 year 41,370,226.61; Other 1-2year	17.42	
Lianyungang New Coast Real Estate Development Company	Related party	105,008,277.54	2-3 year	13.06	
Lianyungang Zhonggangyin Coal Blending Co., Ltd.	Non related party	44,474,800.39	2-3 year	5.53	13,342,440.12
Lianyungang Continental Bridge Bonded Service Co., Ltd.	Related party	24,164,000.00	Over 3 year	3.00	
Total		679,235,664.91		84.45	13,342,440.12

2. Other receivables

2.1 Category

Items	12/31/2020	12/31/2019
Interests receivable		
Dividends receivable	197,709,765.55	270,371,736.45
Other receivables	16,245,811,559.51	14,223,503,215.45
Total	16,443,521,325.06	14,493,874,951.90

2.2 Dividend receivable

Items	12/31/2020	12/31/2019
Jiangsu Zhugang Construction Group Co., Ltd	124,338,029.10	197,000,000.00
Lianyungang Port Engineering Design & Research Institute Co., Ltd.	30,839,879.59	30,839,879.59
Lianyungang golden harbor construction and Development Co., Ltd	26,000,000.00	26,000,000.00
Lianyungang Jiangang Industrial Co., Ltd.	9,376,736.05	9,376,736.05
Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	7,155,120.81	7,155,120.81
Total	197,709,765.55	270,371,736.45

3.3 Other receivables

a) Classification of other receivable

Category	12/31/2020				Book Value
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	16,405,800,100.98	100.00	159,988,541.47	0.98	16,245,811,559.51
Aging portfolios	1,689,138,157.16	10.30	159,988,541.47	9.47	1,529,149,615.69
Other portfolios	14,716,661,943.82	89.70			14,716,661,943.82
Other receivables with insignificant single amount but tested for impairment individually					
Total	16,405,800,100.98	100.00	159,988,541.47	0.98	16,245,811,559.51

Continued on the table

Category	12/31/2019				Book Value
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	14,319,448,357.96	100.00	95,945,142.51	0.67	14,223,503,215.45

Category	12/31/2019				
	Book Balance	Proportion (%)	Provision for bad debt	Provision Proportion (%)	Book Value
Aging portfolios	1,292,950,764.49	9.03	95,945,142.51	7.42	1,197,005,621.98
Other portfolios	13,026,497,593.47	90.97			13,026,497,593.47
Other receivables with insignificant single amount but tested for impairment individually					
Total	14,319,448,357.96	100.00	95,945,142.51	0.67	14,223,503,215.45

As for aging portfolios, the Company makes bad debt provisions:

Aging	12/31/2020			12/31/2019		
	Carrying amount	Bad debt provision	%	Carrying amount	Bad debt provision	%
Within 1 year	1,029,659,265.27	51,482,963.26	5	777,720,818.60	38,886,040.93	5
1-2 year	451,491,591.45	45,149,159.15	10	492,941,493.60	49,294,149.36	10
2-3 year	203,582,055.55	61,074,616.67	30	17,018,030.87	5,105,409.26	30
3-4 year	1,008,000.00	403,200.00	40	3,292,904.45	1,317,161.78	40
4-5 year	3,037,285.00	1,518,642.50	50	1,270,271.58	635,135.79	50
Over 5 year	359,959.89	359,959.89	100	707,245.39	707,245.39	100
Total	1,689,138,157.16	159,988,541.47	9.47	1,292,950,764.49	95,945,142.51	7.42

As for other portfolios, provision for bad debts was not made.

b) Top five entities with the largest balances of the account receivables

Company name	Business content	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Jinhe development and Construction Co., Ltd	Related contacts	4,641,670,000.00	2-3year	28.29	
Lianyungang Port Holding Group Co., Ltd.	Related contacts	1,786,168,043.34	Within 1 year 844,500,000; 1-2year785,486,791.72, 2-3year156,181,251.62	10.89	
Jiangsu Golden Harbour Investment Co., Ltd.	Related contacts	1,782,978,400.00	Within 1 year 462,841,746.11; 1-2year1,320,136,653.89	10.87	
Lianyungang Port Holding Group Xuwei Co., Ltd.	Related contacts	1,255,171,185.61	Within 1 year 354,250,146.71; 1-2year828,719,969.9; 2-3year68,081,466.94; 3-4year4,119,602.06	7.65	
Lianyungang New Coast Real Estate Development Company	Related contacts	962,000,000.00	2-3year	5.86	
Total		10,427,987,628.95		63.56	

3. Long-term equity investment

Item	12/31/2020			12/31/2019		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Investment in subsidiary	11,674,525,479.46	3,104,949.50	11,671,420,529.96	10,344,359,462.03	3,104,949.50	10,341,254,512.53
Investment in associate, joint venture	571,209,725.57		571,209,725.57	493,271,753.29		493,271,753.29
Total	12,245,735,205.03	3,104,949.50	12,242,630,255.53	10,837,631,215.32	3,104,949.50	10,834,526,265.82

3.1 Investment in subsidiary

Investee	12/31/2019	Increase	Decrease	12/31/2020	Provision for impairment in the current period	Closing balance of provision for impairment
Jiangsu Lianyungang Port Corporation	1,427,427,704.14			1,427,427,704.14		
Lianyungang Shipping Tally Co. Ltd.	6,305,544.00			6,305,544.00		
Lianyungang Electronic Port Information Development Co., Ltd.	20,016,768.05			20,016,768.05		
Lianyungang New Marine Investment Development Co., Ltd.	149,000,000.00			149,000,000.00		
Lianyungang Port Design & Research Institute Co., Ltd.	17,039,275.52			17,039,275.52		
Jiangsu Golden Harbour Investment Co., Ltd.	590,000,000.00		590,000,000.00			
Lianyungang Jinhe development and Construction Co., Ltd	627,226,185.29			627,226,185.29		
Jiangsu Zhugang Construction Group Co., Ltd	508,117,522.11			508,117,522.11		
Lianyungang New Sea Real Estate Development Company		763,812,700.00		763,812,700.00		
Lianyungang Shanghai Guarantee Co., Ltd.	200,000,000.00			200,000,000.00		
Xinyi Port (Lianyungang) Wharf Co., Ltd.	185,867,900.00			185,867,900.00		
Lianyungang New Silk Road International Container Development Co. Ltd.	11,000,000.00	9,000,000.00		20,000,000.00		
Lianyungang New Bay Wharf Co., Ltd.	455,000,000.00			455,000,000.00		
Shanghai (Hongkong) Investment and Development Co. Ltd.	810,350,114.98			810,350,114.98		
Jiangsu New Longgang Port Co., Ltd.	147,592,700.00			147,592,700.00		

Investee	12/31/2019	Increase	Decrease	12/31/2020	Provision for impairment in the current period	Closing balance of provision for impairment
Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	1,020,000,000.00	70,000,000.00		1,090,000,000.00		
Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	29,500,000.00			29,500,000.00		
Lianyungang Dongliang Wharf Co., Ltd.	273,831,518.50			273,831,518.50		
Lianyungang Xinwei Port Wharf Co. Ltd.	595,480,000.00			595,480,000.00		
Lianyungang Port Construction Project Management Co., Ltd.	20,000,000.00			20,000,000.00		
Lianyungang JianGang Industrial Co., Ltd.	28,700,911.69			28,700,911.69		
Lianyungang New Oriental Container Terminal Co., Ltd.	838,520,460.00			838,520,460.00		
Lianyungang Zhongha International Logistics Co., Ltd.	214,200,000.00			214,200,000.00		
Lianyungang Huixin Asset Management Co., Ltd	20,000,000.00			20,000,000.00		
Jiangsu New Sugang Investment Development Co., Ltd.	387,466,103.85			387,466,103.85		
Jiangsu Shanghe Logistics Park Development Co., Ltd.	730,000,000.00			730,000,000.00		
Jiangsu Gangjia Energy Saving Technology Co., Ltd.	12,359,073.19		12,359,073.19			
Lianyungang Port Group Finance Co., Ltd.	490,000,000.00			490,000,000.00		
Lianyungang Port Catering Service Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinbao Bay Terminal Co., Ltd.	35,000,000.00			35,000,000.00		
Lianyungang Xinhuan Bay Terminal Co., Ltd.	45,000,000.00			45,000,000.00		
Lianyungang Xinjie Bay Terminal Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinying Bay Terminal Co., Ltd.	5,000,000.00	40,000,000.00		45,000,000.00		
Lianyungang Xinzheng Bay Terminal Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinliang Bay Terminal Co., Ltd.	5,000,000.00	10,000,000.00		15,000,000.00		
Lianyungang Xinbi Bay Terminal Co., Ltd.	40,000,000.00			40,000,000.00		
Lianyungang Friendship Hotel	3,104,949.50			3,104,949.50		3,104,949.50
Lianyungang Xinli Bay Terminal Co.	5,000,000.00			5,000,000.00		
Lianyungang Xinya Bay Terminal Co.	5,000,000.00			5,000,000.00		

Investee	12/31/2019	Increase	Decrease	12/31/2020	Provision for impairment in the current period	Closing balance of provision for impairment
Jiangsu Lanbao Star Technology Co., Ltd	10,000,000.00	15,000,000.00		25,000,000.00		
Jiangsu Xinhang Electric Co., Ltd	4,270,000.00	80,000,000.00		84,270,000.00		
Lianyungang Lianhe International Container Development Co., Ltd	340,930,466.64	35,000,000.00		375,930,466.64		
Lianyungang Hongyun Industry Co., Ltd	15,256,427.69			15,256,427.69		
Lianyungang Tianha Industry Co., Ltd	795,836.88	8,998,000.00		9,793,836.88		
Lianyungang Port Group Power Supply Engineering Co., Ltd		86,644,707.97		86,644,707.97		
Lianyungang Xinxin Logistics Co., Ltd		393,582,545.60		393,582,545.60		
Lianyungang highway port Co., Ltd		420,487,137.05		420,487,137.05		
Total	10,344,359,462.03	1,932,525,090.62	602,359,073.19	11,674,525,479.46		3,104,949.50

3.2 Investment in associate, joint venture

Investee	12/31/2019	Changes in Current Period							12/31/2020	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment			Others
Lianyungang Qianhong Petrochemical Storage Co., Ltd.	38,586,804.71			5,026.18						38,591,830.89	
Fengyi oil technology (Lianyungang) Co., Ltd	91,113,237.82			9,641,351.44						100,754,589.26	
Yihai (Lianyungang) Grain and oil industry Co., Ltd.	121,615,131.70			70,882,334.54	1,830,583.66					194,328,049.90	
Lianyungang Zhonglian Tally Co. Ltd.	3,895,373.88			2,401,506.98		63,436.65	2,185,888.69			4,174,428.82	
Lianyungang Port International Petrochemical Storage Co., Ltd.	54,719,433.74			-9,689,585.42						45,029,848.32	
Sasuo Fengyi Alcohol Industrial (Lianyungang) Co., Ltd.	31,134,511.94			2,567,748.16						33,702,260.10	
Lianyungang Xinyi International Freight Forwarding Co., Ltd.	665,959.51									665,959.51	
Lianyungang Harbor travel company	250,000.00									250,000.00	
Lianyungang Sino-foreign Transport International Logistics Co., Ltd.	56,002,278.16			-855,982.89						55,146,295.27	

Investee	12/31/2019	Changes in Current Period							12/31/2020	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment			Others
Lianyungang New Century Petrochemical Co., Ltd.	95,289,021.83			3,277,441.67						98,566,463.50	
Total	483,271,753.29			78,229,840.66	1,830,583.66	63,436.65	2,185,888.69			571,209,725.57	

4. Sales and cost of sales

4.1 Sales and other operating income

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Revenue	Cost	Revenue	Cost
Main operations	897,253,798.68	762,370,287.70	888,677,143.11	671,398,522.21
Other operations	112,912,026.63	74,875,037.43	107,006,624.76	26,543,680.10
Total	1,010,165,825.31	837,245,325.13	995,683,767.87	697,942,202.31

4.2 Main operations (disclosure by branch line of business)

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Loading and unloading income	2,871,698.13	2,120,709.24	7,734,547.10	5,646,219.38
Management revenue	451,821,518.04	372,992,711.72	450,416,759.28	364,568,237.36
Sales revenue	414,823,253.92	365,187,424.19	425,239,591.88	296,930,414.71
Engineering Income	27,737,328.59	22,069,442.55	5,286,244.85	4,253,650.76
Total	897,253,798.68	762,370,287.70	888,677,143.11	671,398,522.21

4.2 Other operations (disclosure by branch line of business)

Items	2020 (Jan-Dec)		2019 (Jan-Dec)	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Lease of other assets	66,594,930.42	28,729,587.27	92,005,134.75	17,527,687.10
Supply	27,588,167.83	25,925,491.59	6,207,947.70	6,849,532.36
Others	18,728,928.38	20,219,958.57	6,793,542.31	2,166,460.64
Total	112,912,026.63	74,875,037.43	107,006,624.76	26,543,680.10

5. Investment income

Item	2020 (Jan-Dec)	2019 (Jan-Dec)
Investment income from long-term equity investments under cost method	37,130,716.98	223,188,369.18
Investment income from long-term equity investments under equity method	78,229,840.66	4,579,518.23
Investment income from disposing long-term equity investments	561,591,826.81	
Interest income of entrusting loan	5,154,122.11	
Other financial gains	10,488,501.05	-4,863,122.57
Total	692,595,007.61	222,904,764.84

Lianyungang Port Group Co., Ltd.

April 26, 2021

This report is written in Chinese and in English. Both Versions are originals. In the event of any inconsistency or conflict between the Chinese version and the English version, the Chinese version shall prevail.

Lianyungang Port Group Co., Ltd.

Auditor's Report

SYJCCPA (2022) AUDITING No.053

CPA Firm : Lianyungang branch, Suyajincheng Certified Public
Accountants LLP

Address: 7 Floor, Guotou Building,
Tongguan South Road,Lianyungang

Postcode: 222004

FAX: 0518-85484089

TEL: 0518-85414819



Suya Jincheng Certified Public Accountants LLP
7 Floor, Guotou Building,
Tongguan South Road 69#, Lianyungang, China
Tel: 86 518 85414819 Fax: 86 518 85484089

AUDITOR'S REPORT

To the shareholders of Directors of Lianyungang Port Group Co., Ltd.:

Opinion

We have audited the financial statements of Lianyungang Port Group Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31st December 2021, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises, present fairly the financial position of the company as at December 31st 2021 and its operating results and cash flow for the year then ended.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs") for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of professional ethics for Certified Public Accountants in China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 CSAs 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 CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Suya Jinzheng Certified Public Accountants LLP
Lianyungang, China



Certified Public Accountant of China



Certified Public Accountant of China
Date: April 25, 2022



Lianyungang Port Group Co., Ltd.
Consolidated Balance Sheet

As at December 31, 2021

Monetary Unit: RMB

Assets	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Cash and cash equivalents	1	3,238,702,570.55	2,942,761,803.00
Financial assets held for trading	2	20,000,000.00	
Financial assets measured at fair value through current profit or loss			11,031,850.00
Derivative financial assets			
Notes receivable	3	436,177,258.07	607,404,026.99
Accounts receivable	4	5,275,372,151.89	5,256,938,927.86
Accounts receivable financing	5	168,544,625.04	
Prepayment	6	1,429,064,255.71	1,498,608,551.47
Other receivables	7	9,364,827,437.59	7,460,822,730.03
Inventories	8	2,900,780,052.22	2,448,748,223.88
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	9	856,300,357.72	869,168,355.83
Total current assets		23,689,768,708.79	21,095,484,469.06
Non-current assets:			
Investment in debt instruments			
Available-for-sale financial assets			100,816,666.55
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables	10	185,870,983.70	352,611,986.04
Long-term equity investments	11	1,686,702,137.43	1,618,900,309.65
Investment in other equity instruments	12	37,178,866.12	
Other non-current financial assets	13	85,507,576.49	
Investment property	14	776,269,615.41	799,574,233.53
Fixed assets	15	14,914,985,079.01	14,918,939,797.60
Construction in progress	16	19,453,790,226.55	18,045,579,447.31
Productive biological assets			
Oil and gas assets			
Right of use assets	17	117,472,370.66	
Intangible assets	18	3,204,519,315.61	3,097,436,705.46
Development expenditure			
Goodwill		-	-
Long-term deferred expenses	19	195,612,632.30	180,643,358.71
Deferred tax assets	20	282,384,310.33	295,650,513.29
Other non-current assets		325,737,098.42	326,849,213.88
Total non-current assets	21	41,266,030,212.03	39,737,002,232.02
Total assets		64,955,798,920.82	60,832,486,701.08

Lianyungang Port Group Co., Ltd.
Consolidated Balance Sheet (Cont.)

As at December 31, 2021

Monetary Unit: RMB

Liabilities and owners' equity	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term loans	22	8,272,535,576.24	6,809,751,266.06
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payables	23	1,266,203,930.21	843,148,427.20
Accounts payables	24	1,583,017,805.43	1,494,813,181.64
Receipts in advance			329,783,124.63
Contract liabilities	25	310,942,334.69	
Employee benefits payable	26	97,705,100.25	93,616,399.50
Taxes payable	27	151,360,608.23	100,437,547.41
Other payables	28	583,427,049.70	1,140,667,682.27
Liabilities held for sale			
Non-current liabilities due within one year	29	9,456,259,452.89	6,162,644,472.92
Other current liabilities	30	1,752,432,806.82	2,200,000,000.00
Total current liabilities		23,473,884,664.46	19,174,862,101.63
Non-current liabilities:			
Long-term loans	31	9,564,415,084.04	7,804,697,401.17
Bonds payable	32	9,214,885,204.72	14,813,931,935.83
Including: preferred stock			
sustainable debt			
Lease liabilities	33	152,898,740.89	
Long-term payables	34	4,509,618,616.76	2,009,081,368.42
Provision	35	170,089,069.92	8,761,234.32
Deferred revenue	36	33,496,379.08	38,121,033.91
Deferred tax liabilities	20	10,445,675.12	5,630,259.43
Other non-current liabilities			
Total non-current liabilities		23,476,448,770.01	24,680,223,233.08
Total liabilities		46,950,333,434.47	43,855,085,334.71
Owners' equity (or shareholders' equity)			
Share capital	37	7,820,000,000.00	7,820,000,000.00
Other equity instruments	38	1,166,500,000.00	1,289,400,000.00
Including: preferred stock			
sustainable debt		1,166,500,000.00	1,289,400,000.00
Capital reserves	39	3,407,029,084.34	2,539,064,076.58
Less: Treasury shares			
Other comprehensive income	40	-25,866,786.29	-64,846,544.87
Special reserves	41	82,177.38	146,893.99
Surplus reserves	42	7,610,257.91	7,610,257.91
General risk preparedness	43	29,169,577.24	29,169,577.24
Undistributed profits	44	176,526,540.14	134,152,316.99
Total equity attributable to owners of the parent company		12,581,050,850.72	11,754,696,577.84
Non-controlling interests		5,424,414,635.63	5,222,704,788.53
Total owners' equity (or shareholders' equity)		18,005,465,486.35	16,977,401,366.37
Total liabilities and owners' equity		64,955,798,920.82	60,832,486,701.08

Lianyungang Port Group Co., Ltd.
Consolidated Income Statement

For the year ended December 31, 2021

Monetary Unit: RMB

Item	Note	2021 (Jan-Dec)	2020 (Jan-Dec)
1. Total operating income	45	14,663,482,165.44	13,772,259,175.10
Less: Operating costs	45	12,885,938,611.55	12,390,891,066.96
Taxes and surcharge	46	65,038,071.78	61,671,474.64
Selling and distribution expenses	47	4,484,000.84	4,803,204.29
Administrative expenses	48	969,390,462.42	980,055,496.74
Research and development expenses	49	80,140,422.53	16,323,348.36
Financial expenses	50	1,270,078,931.05	1,220,078,452.92
Including: interest expense		1,327,186,181.27	1,256,978,621.05
interest income		134,591,064.48	92,980,495.71
Add: Other income	51	273,207,199.51	491,152,709.40
Investment income ("-" for losses)	52	820,218,345.27	743,995,490.16
Including: income from investment in associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost ("-" for losses)			
Net exposure to hedging gains ("-" for loss)			
Gains from changes in fair value ("-" for losses)	53	8,695,000.00	-5,739,250.00
Credit impairment loss ("-" for losses)	54	-33,925,945.38	
Impairment loss of assets	55	-101,836.85	-98,066,937.36
Gains from disposal of assets ("-" for losses)	56	27,888,944.27	-5,023,684.41
2. Operating profits ("-" for losses)		484,393,372.09	224,754,458.98
Add: Non-operating income	57	23,289,646.39	32,232,800.43
Less: Non-operating expenses	58	16,967,115.54	15,966,527.90
3. Total profits before tax ("-" for total losses)		490,715,902.94	241,020,731.51
Less: Income tax expenses	59	200,506,002.29	112,200,841.69
4. Net profit ("-" for net loss)		290,209,900.65	128,819,889.82
Classification by operating continuity:			
Net profit from continuing operation ("-" for losses)		290,209,900.65	128,819,889.82
Net profit from discontinued operation ("-" for losses)			
Classification by owners:			
Attributable to owners of the parent company		60,274,223.45	57,678,313.33
Attributable to non-controlling interests		229,935,677.20	71,141,576.49
5. Net of income tax effect of other comprehensive income		38,929,758.58	111,551,815.20
(1) Net of income tax effect of other comprehensive income attributable to owners of the parent company		38,929,758.58	111,559,822.51
A. Other comprehensive income items which will not be reclassified subsequently to profit or loss		2,726,082.04	
a. Remeasurement of changes in defined benefit plans			
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
c. Changes in fair value of other equity instrument investments		2,726,082.04	
d. Changes in fair value of enterprise's own credit risk			
B. Other comprehensive income items which will be reclassified subsequently to profit or loss		36,253,676.54	111,559,822.51
a. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		-1,500,561.79	1,830,583.66
b. Changes in fair value of other debt investments			
c. Gains or losses arising from changes in fair value of available-for-sale financial assets			-6,548,857.18
d. Amount of financial assets reclassified into other comprehensive income			
e. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
f. Provision for credit impairment of other debt investments			
g. The effective hedging portion of gains or losses arising from cash flow hedging instruments			
h. Translation differences arising on translation of foreign currency financial statements		37,754,238.33	116,278,096.03
i. Others			
(2) Net of income tax effect of other comprehensive income attributable to non-controlling interests			-8,007.31
6. Total comprehensive income		329,189,659.23	240,371,705.02
Total comprehensive income attributable to owners of the parent company		99,353,981.73	169,238,135.84
Total comprehensive income attributable to non-controlling interests		229,835,677.50	71,133,569.18
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Lianyungang Port Group Co., Ltd.

Consolidated Cash Flows Statement

For the year ended December 31, 2021

Monetary Unit: RMB

Item	Note	2021 (Jan-Dec)	2020 (Jan-Dec)
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		15,496,641,282.96	14,864,427,111.35
Refunds of taxes and surcharges		114,524,762.71	54,176,008.20
Cash received from other operating activities	60 (1)	687,036,375.62	908,505,966.72
Sub-total of cash inflows from operating activities		16,298,202,421.29	15,827,109,086.27
Cash paid for goods purchased and services received		12,074,448,568.78	12,072,624,813.03
Cash paid to and on behalf of employees		1,410,406,398.02	1,190,011,939.27
Cash paid for taxes and surcharges		429,264,180.31	454,623,186.42
Cash paid for other operating activities	60 (2)	2,074,121,183.87	1,830,862,127.05
Sub-total of cash outflows from operating activities		15,988,240,330.98	15,548,122,065.77
Net cash flows from operating activities		309,962,090.31	278,987,020.50
2. Cash flows from investing activities			
Cash received from disposal of investments		1,127,454,852.22	3,639,553,070.19
Cash received from returns on investments		73,038,594.74	107,510,794.56
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		60,198,677.14	100,542,038.97
Net cash received from disposal of subsidiaries and other business units			3,617,924.45
Cash received from other investing activities	60 (3)	240,639,527.76	138,071,176.61
Sub-total of cash inflows from investing activities		1,501,331,651.86	3,989,295,004.78
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		1,449,182,240.61	1,569,463,738.78
Cash paid for investments		1,144,231,000.00	1,256,676,950.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	60 (4)	2,303,017.22	
Sub-total of cash outflows from investing activities		2,596,216,257.83	2,826,140,688.78
Net cash flows from investing activities		-1,094,884,605.97	1,163,154,316.00
3. Cash flows from financing activities			
Cash received from investors		43,120,000.00	
Including: cash received by subsidiaries from investments by non-controlling shareholders		43,120,000.00	
Cash received from borrowings		24,321,662,691.23	23,169,149,039.89
Cash received from bonds issue			-
Cash received from other financing activities	60 (5)	4,223,956,246.82	1,570,658,844.68
Sub-total of cash inflows from financing activities		28,588,738,938.05	24,739,807,884.57
Cash repayments of borrowings		24,667,678,892.18	23,744,372,069.20
Cash paid for distribution of dividends and profits or payment of interest		2,026,067,161.54	2,021,945,278.88
Including: dividends and profits paid to non-controlling shareholders by subsidiaries		52,566,078.75	45,564,002.93
Cash paid for other financing activities	60 (6)	1,509,320,981.97	594,103,988.20
Sub-total of cash outflows from financing activities		28,203,067,035.69	26,360,421,336.28
Net cash flows from financing activities		385,671,902.36	-1,620,613,451.71
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		633,774.99	-4,677,435.78
5. Net increase/(decrease) in cash and cash equivalents			
		-398,616,838.31	-183,149,550.99
Add: balance of cash and cash equivalents at the beginning of the period		2,311,558,410.28	2,494,707,961.27
6. Balance of cash and cash equivalents at the end of the period			
		1,912,941,571.97	2,311,558,410.28

Lianyungang Port Group Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Monetary Unit: RMB

Item	2021 (Jan-Dec)												
	Equity attributable to owners of the parent company												
	Share capital	Preferred stock	Other equity instruments		Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority equity	Total shareholders' equity
		Sustainable debt	Others										
1. Balance as at the end of last year	7,820,000,000.00		1,289,800,000.00		2,539,064,076.58		-64,846,544.87	146,893.99	7,610,257.91	29,169,577.24	134,152,316.99	5,222,704,788.53	16,977,401,366.37
Add: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Merger of enterprises under the same control													
Others													
2. Balance as at the beginning of the current year	7,820,000,000.00		1,289,800,000.00		2,539,064,076.58		-64,846,544.87	146,893.99	7,610,257.91	29,169,577.24	134,152,316.99	5,222,704,788.53	16,977,401,366.37
3. Increases/decreases in equity for the year ("-" for decreases)			-122,900,000.00		867,965,007.76		38,979,758.58	-64,716.61			42,374,223.15	201,709,847.10	1,028,064,119.98
(1) Total comprehensive income							38,979,758.58				60,374,223.15	229,835,677.50	329,189,659.23
(2) Capital contributed or decreased by owners			-122,900,000.00		867,965,007.76							-80,691,069.15	664,373,098.61
a. Capital contributions by owners													
b. Capital contributions by other equity instruments holders													
c. Amounts of share-based payments recognized in owner's equity			-122,900,000.00		2,113,421,815.00							43,120,000.00	2,156,541,915.00
d. Others													-122,900,000.00
(3) Profit distribution					-1,245,450,007.24							-123,811,809.15	-1,369,261,816.39
a. Appropriation of surplus reserves											-18,000,000.00	52,566,078.75	34,566,078.75
b. Appropriation of general risk reserve													
c. Profit distributed to owners (or shareholders)													
d. Others													
(4) Internal carry-forward of owners' equity													
a. Conversion of capital reserves into paid-in capital (or share capital)													
b. Conversion of surplus reserves into paid-in capital (or share capital)													
c. Surplus reserves offsetting losses													
d. Change of Defined Benefit Plan transferred to retained earnings													
e. Other comprehensive income carried forward to retained earnings													
f. Others													
(5) General risk reserve													
a. Appropriation for the period													-64,716.61
b. Use for the period													64,716.61
4. Balance as at the end of the current year	7,820,000,000.00		1,166,900,000.00		3,407,029,084.34		-25,866,786.29	82,177.38	7,610,257.91	29,169,577.24	176,526,540.14	5,424,414,635.63	18,005,465,486.35



Lianyungang Port Group Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Monetary Unit: RMB

Item	2020 (Jan-Dec)													
	Equity attributable to owners of the parent company													
	Share capital	Other equity instruments		Capital reserve	Minusc: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority equity	Total shareholders' equity		
	Preferred stock	Sustainable debt	Others											
1. Balance as at the end of last year	7,820,000,000.00	1,489,400,000.00			2,899,791,091.96				229,641.35	7,610,257.91	29,169,577.24	91,474,003.66	4,995,281,708.56	17,156,549,913.30
Add: adjustments for changes in accounting policies														
Adjustments for correction of accounting errors in prior year														
Merger of enterprises under the same control														
Others														
2. Balance as at the beginning of the current year	7,820,000,000.00	1,489,400,000.00			2,899,791,091.96				229,641.35	7,610,257.91	29,169,577.24	91,474,003.66	4,995,281,708.56	17,156,549,913.30
3. Increases/decreases in equity for the year ("+" for increases)		-200,000,000.00			-360,727,015.38				-82,747.36			42,678,313.33	227,423,079.97	-179,148,546.93
(1) Total comprehensive income						111,559,822.51						57,678,313.33	71,133,569.18	240,771,705.02
(2) Capital contributed or decreased by owners														
a. Capital contributions by owners														
b. Capital contributions by other equity instruments holders														
c. Amounts of share-based payments recognized in owners' equity														
d. Others														
(3) Profit distribution														
a. Appropriation of surplus reserves														
b. Appropriation of general risk reserve														
c. Profit distributed to owners (or shareholders)														
d. Others														
(4) Internal carry-forward of owners' equity														
a. Conversion of capital reserves into paid-in capital (or share capital)														
b. Conversion of surplus reserves into paid-in capital (or share capital)														
c. Surplus reserves offsetting losses														
d. Change of Defined Benefit Plan transferred to retained earnings														
e. Other comprehensive income carried forward to retained earnings														
f. Others														
(5) General risk reserve														
a. Appropriation for the period														
b. Use for the period														
4. Balance as at the end of the current year	7,820,000,000.00	1,289,400,000.00			2,539,064,076.58				146,893.99	7,610,257.91	29,169,577.24	134,152,316.99	5,222,704,788.53	16,977,491,368.37

Lianyungang Port Group Co., Ltd.

Balance Sheet

As at December 31, 2021

Monetary Unit: RMB

Assets	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Cash and cash equivalents		1,162,465,851.12	1,222,824,158.34
Financial assets held for trading			
Financial assets measured at fair value through current profit or loss			
Derivative financial assets			
Notes receivable		58,843,173.35	67,910,317.06
Accounts receivable	1	810,763,736.99	768,112,055.77
Accounts receivable financing			
Prepayment		96,504,013.25	94,067,379.88
Other receivables	2	16,939,869,963.56	16,443,521,325.06
Inventories		21,979,437.20	13,723,535.24
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		158,999,683.38	174,723,737.14
Total current assets		19,249,425,858.85	18,784,882,508.49
Non-current assets:			
Investment in debt instruments			
Available-for-sale financial assets			92,194,090.06
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	12,743,362,155.27	12,242,630,255.53
Investment in other equity instruments		37,178,866.12	
Other non-current financial assets		76,885,000.00	
Investment property		713,130,676.56	734,963,491.57
Fixed assets		1,620,855,219.41	1,500,674,157.49
Construction in progress		9,356,136,030.94	8,678,188,760.58
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets		2,232,544,918.36	1,132,679,068.85
Development expenditure			
Goodwill			
Long-term deferred expenses		108,572,382.70	84,078,896.18
Deferred tax assets		99,767,750.24	78,404,309.53
Other non-current assets		203,539.82	-
Total non-current assets		26,988,636,539.42	24,543,813,029.79
Total assets		46,238,062,398.27	43,328,695,538.28

Lianyungang Port Group Co., Ltd.
Balance Sheet (Cont.)

As at December 31, 2021

Monetary Unit: RMB

Liabilities and owners' equity	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term loans		5,705,933,753.48	4,486,000,000.00
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Derivative financial liabilities			
Notes payables		773,930,000.00	348,000,000.00
Accounts payables		656,428,498.10	608,876,824.42
Receipts in advance			17,894,040.51
Contract liabilities		30,175,960.84	
Employee benefits payable		43,646,700.46	41,657,115.30
Taxes payable		2,400,170.75	3,524,920.65
Other payables		1,427,217,149.07	1,516,277,623.47
Liabilities held for sale			
Non-current liabilities due within one year		8,125,564,548.26	5,885,310,414.24
Other current liabilities		1,648,490,119.73	1,700,000,000.00
Total current liabilities		18,413,786,900.69	14,607,540,938.59
Non-current liabilities:			
Long-term loans		4,798,555,841.37	3,622,580,000.00
Bonds payable		6,684,122,769.97	11,747,596,510.19
Including: preferred stock			
sustainable debt			
Lease liabilities			
Long-term payables		2,866,482,960.89	826,475,951.77
Provision			
Deferred revenue		33,696,379.08	38,121,033.91
Deferred tax liabilities		6,354,716.52	5,446,022.50
Other non-current liabilities			
Total non-current liabilities		14,389,212,667.83	16,240,219,518.37
Total liabilities		32,802,999,568.52	30,847,760,456.96
Owners' equity (or shareholders' equity)			
Share capital		7,820,000,000.00	7,820,000,000.00
Other equity instruments		1,166,500,000.00	1,289,400,000.00
Including: preferred stock			
sustainable debt		1,166,500,000.00	1,289,400,000.00
Capital reserves		3,269,942,144.81	2,226,554,162.08
Less: Treasury shares			
Other comprehensive income		20,768,848.81	19,543,328.56
Special reserves		82,177.38	82,177.38
Surplus reserves		207,610,257.91	207,610,257.91
General risk preparedness			
Undistributed profits		950,159,400.84	917,745,155.39
Total owners' equity (or shareholders' equity)		13,435,062,829.75	12,480,935,081.32
Total liabilities and owners' equity		46,238,062,398.27	43,328,695,538.28

Lianyungang Port Group Co., Ltd.

Income Statement

For the year ended December 31, 2021

Monetary Unit: RMB

Item	Note	2021 (Jan-Dec)	2020 (Jan-Dec)
1. Total operating income	4	1,021,479,719.80	1,010,165,825.31
Less: Operating costs	4	719,140,035.82	837,245,325.13
Taxes and surcharge		13,710,327.34	8,655,950.64
Selling and distribution expenses			
Administrative expenses		315,987,595.59	336,266,059.01
Research and development expenses			632,830.18
Financial expenses		820,524,601.44	728,279,126.46
Including: interest expense		794,477,679.73	723,805,407.80
interest income		22,092,919.73	23,543,018.81
Add: Other income		171,166,970.15	402,557,237.00
Investment income ("-" for losses)	5	775,596,113.79	692,595,007.61
Including: income from investment in associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost ("-" for losses)			
Net exposure to hedging gains ("-" for loss)			
Gains from changes in fair value ("-" for losses)			
Credit impairment loss ("-" for losses)		-71,959,942.33	
Impairment loss of assets		-101,836.85	-65,380,415.34
Gains from disposal of assets ("-" for losses)		2,207,267.41	-894,013.49
2. Operating profits ("-" for losses)		29,025,731.78	127,964,349.67
Add: Non-operating income		13,359,605.04	28,720,986.92
Less: Non-operating expenses		13,334,532.08	13,013,205.11
3. Total profits before tax ("-" for total losses)		29,050,804.74	143,672,131.48
Less: Income tax expenses		-21,363,440.71	-21,979,145.93
4. Net profit ("-" for net loss)		50,414,245.45	165,651,277.41
Classification by operating continuity:			
Net profit from continuing operation ("-" for losses)		50,414,245.45	165,651,277.41
5. Net of income tax effect of other comprehensive income		2,726,082.04	-4,718,273.52
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss		2,726,082.04	
a. Remeasurement of changes in defined benefit plans			
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
c. Changes in fair value of other equity instrument investments		2,726,082.04	
d. Changes in fair value of enterprise's own credit risk			
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss		-1,500,561.79	-4,718,273.52
a. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		-1,500,561.79	1,830,583.66
b. Changes in fair value of other debt investments			
c. Gains or losses arising from changes in fair value of available-for-sale financial assets			-6,548,857.18
d. Amount of financial assets reclassified into other comprehensive income			
e. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
f. Provision for credit impairment of other debt investments			
g. The effective hedging portion of gains or losses arising from cash flow hedging instruments			
h. Translation differences arising on translation of foreign currency financial statements			
6. Total comprehensive income		51,639,765.70	160,933,003.89
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Lianyungang Port Group Co., Ltd.

Cash Flows Statement

For the year ended December 31, 2021

Monetary Unit: RMB

Item	Note	2021 (Jan-Dec)	2020 (Jan-Dec)
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		1,027,339,235.03	1,145,911,044.15
Refunds of taxes and surcharges		76,617,074.59	33,866,272.04
Cash received from other operating activities		696,656,293.42	673,746,862.00
Sub-total of cash inflows from operating activities		1,800,612,603.04	1,853,524,178.19
Cash paid for goods purchased and services received		672,499,598.90	806,300,865.89
Cash paid to and on behalf of employees		224,708,594.88	220,137,198.27
Cash paid for taxes and surcharges		29,935,023.46	109,569,943.19
Cash paid for other operating activities		98,764,041.48	335,053,785.82
Sub-total of cash outflows from operating activities		1,025,907,258.72	1,471,061,793.17
Net cash flows from operating activities		774,705,344.32	382,462,385.02
2. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from returns on investments		73,771,112.88	44,470,727.78
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		50,600.00	
Net cash received from disposal of subsidiaries and other business units			14,087,900.00
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		73,821,712.88	58,558,627.78
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		916,477,804.49	1,270,451,695.77
Cash paid for investments		705,770,998.02	324,498,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,622,248,802.51	1,594,949,695.77
Net cash flows from investing activities		-1,548,427,089.63	-1,536,391,067.99
3. Cash flows from financing activities			
Cash received from investors			
Cash received from borrowings		16,726,992,099.00	17,002,500,813.52
Cash received from other financing activities		4,192,842,553.60	1,216,510,000.00
Sub-total of cash inflows from financing activities		20,919,834,652.60	18,219,010,813.52
Cash repayments of borrowings		17,727,529,204.70	14,990,650,633.52
Cash paid for distribution of dividends and profits or payment of interest		1,482,126,648.21	1,127,809,197.40
Cash paid for other financing activities		1,020,988,548.31	1,336,546,684.87
Sub-total of cash outflows from financing activities		20,230,644,401.22	17,455,006,515.79
Net cash flows from financing activities		689,190,251.38	764,004,297.73
4. Effect of foreign exchange rate changes on cash and cash equivalents			13,420.47
5. Net increase/(decrease) in cash and cash equivalents		-84,531,493.93	-389,910,964.77
Add: balance of cash and cash equivalents at the beginning of the period		1,222,144,158.34	1,612,055,123.11
6. Balance of cash and cash equivalents at the end of the period		1,137,612,664.41	1,222,144,158.34

Lianyungang Port Group Co., Ltd.
Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Monetary Unit: RMB

Item	2021 (Jan-Dec)					Total shareholders' equity					
	Share capital	Other equity instruments		Capital reserve	Minus: treasury stock		Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit
	Preferred stock	Sustainable debt	Others								
1. Balance as at the end of last year	7,820,000,000.00	1,289,400,000.00		2,226,554,162.08		19,543,328.56	82,177.38	207,610,257.91		917,745,155.39	12,480,935,081.32
Add: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Others											
2. Balance as at the beginning of the current year	7,820,000,000.00	1,289,400,000.00		2,226,554,162.08		19,543,328.56	82,177.38	207,610,257.91		917,745,155.39	12,480,935,081.32
3. Increases/decreases in equity for the year ("-" for decreases)		-122,900,000.00		1,043,387,982.73		1,225,520.25				32,414,245.45	954,127,748.43
(1) Total comprehensive income						1,225,520.25				50,414,245.45	51,639,765.70
(2) Capital contributed or decreased by owners		-122,900,000.00		1,043,387,982.73							920,487,982.73
a. Capital contributions by owners											2,113,421,915.00
b. Capital contributions by other equity instruments holders											
c. Amounts of share-based payments recognized in owners' equity		-122,900,000.00									-122,900,000.00
d. Others											
(3) Profit distribution				-1,070,033,932.27						-18,000,000.00	-1,070,033,932.27
a. Appropriation of surplus reserves											
b. Appropriation of general risk reserve											
c. Profit distributed to owners (or shareholders)											
d. Others										-18,000,000.00	-18,000,000.00
4) Internal carry-forward of owners' equity											
a. Conversion of capital reserves into paid-in capital (or share capital)											
b. Conversion of surplus reserves into paid-in capital (or share capital)											
c. Surplus reserves offsetting losses											
d. Change of Defined Benefit Plan transferred to retained earnings											
e. Other comprehensive income carried forward to retained earnings											
f. Others											
5) Special reserves											
a. Appropriation for the period											
b. Use for the period											
Balance as at the end of the current year	7,820,000,000.00	1,166,500,000.00		3,269,942,144.81		20,768,848.81	82,177.38	207,610,257.91		950,159,400.84	13,435,062,829.75

Lianyungang Port Group Co., Ltd.
Statement of Changes in Shareholders' Equity

For the year ended December 31, 2021

Monetary Unit: RMB

2020 (Jan-Dec)

Item	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
		Preferred stock	Sustainable debt	Others								
1. Balance as at the end of last year	7,820,000,000.00		1,489,400,000.00		2,228,624,162.08		24,261,602.08	18,740.73	207,610,257.91		767,093,877.98	12,537,008,640.78
Add: adjustments for changes in accounting policies												
Adjustments for correction of accounting errors in prior year												
Others												
2. Balance as at the beginning of the current year	7,820,000,000.00		1,489,400,000.00		2,228,624,162.08		24,261,602.08	18,740.73	207,610,257.91		767,093,877.98	12,537,008,640.78
3. Increases/decreases in equity for the year ("-" for decreases)			-200,000,000.00		-2,070,000.00		-4,718,273.52	63,436.65			150,651,277.41	-56,073,559.46
[1] Total comprehensive income							-4,718,273.52				165,651,277.41	160,933,003.89
[2] Capital contributed or decreased by owners			-200,000,000.00		-2,070,000.00							-202,070,000.00
a. Capital contributions by owners												
b. Capital contributions by other equity instruments holders			-200,000,000.00									-200,000,000.00
c. Amounts of share-based payments recognized in owners' equity												
d. Others					-2,070,000.00						-15,000,000.00	-2,070,000.00
[3] Profit distribution												
a. Appropriation of surplus reserves												
b. Appropriation of general risk reserve												
c. Profit distributed to owners (or shareholders)											-15,000,000.00	-15,000,000.00
d. Others											-15,000,000.00	-15,000,000.00
4) Internal carry-forward of owners' equity												
a. Conversion of capital reserves into paid-in capital (or share capital)												
b. Conversion of surplus reserves into paid-in capital (or share capital)												
c. Surplus reserves offsetting losses												
d. Change of Defined Benefit Plan transferred to retained earnings												
e. Other comprehensive income carried forward to retained earnings												
f. Others												
5) Special reserves												
a. Appropriation for the period								63,436.65				63,436.65
b. Use for the period								63,436.65				63,436.65
.Balance as at the end of the current year	7,820,000,000.00		1,289,400,000.00		2,226,554,162.08		19,543,328.56	82,177.38	207,610,257.91		917,745,155.39	12,480,935,081.32

LIANYUNGANG PORT GROUP CO., LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

(All amounts are expressed in Renminbi unless otherwise stated)

I. Company Profile

1. Company Overview

Lianyungang Port Group Co., Ltd. (the "Company") registered at Lianyungang Administration Bureau of Industry and Commerce with Business License No. 91320700139008250P. Registered address of the Company: Zhonghua West Road 18-5, Lianyun District, Lianyungang. The legal representative: Ding Rui. The registered capital of the Company is RMB 820 million yuan. Company type: Limited liability company (legal person).

Port of Lianyungang was opened in 1933. Since 1961, the Lianyungang Port Authority was established managed by the Department of Transport. Since 1987, the Lianyungang Port Authority was renamed as Lianyungang Harbor Authority co-administrated by the Department of Transport and the local government. Since 2002, Lianyungang Harbor Authority was administrated only by Lianyungang municipal government according to the document [2001] No.91 issued by Office of the State Council. The formation of Lianyungang Port Group Co., Ltd was approved by the People's Government of Jiangsu Province and related government department in 2003. Lianyungang Port Group Co., Ltd was established in November 25, 2003 approved by the document [2003] No.28 issued by Lianyungang municipal government.

Lianyungang Municipal Government invested the assets of Lianyungang Port Group Co., Ltd. to Lianyungang port Holding Group Co., Ltd. according to the document [2015] No.39 issued by Lianyungang Municipal Government in August 17, 2015. Shareholders of Lianyungang Port Group Co., Ltd. was changed from Lianyungang Municipal government to Lianyungang port Holding Group Co., Ltd.

On May 22, 2017, Guokai development fund Co., Ltd. increased its capital by 820 million yuan, with the paid in capital of 7.82 billion yuan, of which Lianyungang Port Holding Group Co., Ltd. held 89.51% shares and Guokai development fund Co., Ltd. held 10.49% shares

Business scope of the Company: Provide port facility such as berth, lightering anchorage, mooring buoy for ship; provide ship facilities and services for passenger ; provide cargo for the client (including lightering), warehousing, lightering within a port, container stacking, and the demolition LCL goods and their packaging simple processing etc.; as the ship out of the harbor, dock, shifting with pushing and pulling service; provide the goods count during the handover point and check the surface condition of goods tally services to clients; for the ship to provide shore power, fuel supply, life and goods supply, crew and ship pollutants transfer (oily water, residual oil, wash tank water, sewage and garbage); supply of oil fences and laundry service; provide the port facilities, equipment (including locomotives) and the port machinery leasing, maintenance business(service provided according to the port business license);bonded warehousing (excluding dangerous chemicals); port and waterway engineering, construction Engineering, water supply and drainage engineering, mechanical and electrical equipment installation engineering, road and bridge engineering, building intelligent engineering, design and construction for communication pipeline engineering, port dredging operations; coal sales; real estate development and management, international shipping agency; property management services; software development and system integration; network technology services; international freight forwarding; the goods along the coast, along the river and the inland waterway transport; environmental engineering supervision and detection of environmental technology services; self and agent all kinds of goods and technology import and export business; except the prohibition of the enterprise operation or the import and export of goods and technologies by the state; communication engineering construction; road transport of ordinary goods, special transport of goods (tank type), dangerous goods transport operations (Category 3) (except for highly toxic chemicals); wholesale and retail of pre packaged food and stage bulk food; bottles (barrels) of drinking water production and sales; catering services; accommodation services; cigarette retail (cigar); shipbuilding; ship repair and diving operations; labor services (excluding labor dispatch); health service;

measuring instrument detection and weighing equipment installation test; non degree occupation skill training; waste recycling; municipal government authorization management and the management of state-owned capital within the scope; to limit branches operating permit: ethanol gasoline, diesel, kerosene retail; gas sales. (subject to the approval of the project, approved by the relevant departments to carry out business activities before).

2. Consolidated Financial Statement Scope

The scope of consolidation of the Company's consolidated financial statements is based on control, and all subsidiaries are included in the consolidation scope of the consolidated financial statements.

The change of scope of consolidated statements is shown in the following table:

2.1 The business entities that are newly incorporated into the scope of the merger:

Company name	Obtaining Method
Lianyungang Port Printing Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Handling Service Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Maintenance Engineering Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Construction and Installation Engineering Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Hengxin Plastic Wood Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Huaxiang Construction Machinery Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Huayi Door and Window Production Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Gangxin Sanitary Cleaning Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Pengxiang Landscaping Engineering Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Lianhe New Building Materials Technology Co., Ltd	After Lianyungang port construction and Installation Engineering Co., Ltd. was restructured and merged into the group, the group consolidated its shareholding and obtained control
Lianyungang Huishun Shipping Co., Ltd	Investment establishment

2.2. The business entities that are not incorporated into the scope of the merger, the structural entities or business entities forming control in the other way:

Company name	Reason
Lianyungang Xinxin International Logistics Co., Ltd	Equity transfer
Lianyungang New Silk Road International Container Development Co., Ltd	Equity transfer

Details of the sub companies incorporated into the consolidated financial statements show on "Note VII. Interests in subsidiaries", changes of consolidated scope see details in "Note VI. Changes in consolidated scope".

II. Basis of preparation of financial statements

1. Base preparation

The Company prepares its financial statements on a going concern basis, and recognizes and measures its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Continuous operation

The company's management believes that the company has the ability to continue to operate at least 12 months since the end of the final period.

III. Significant Accounting Policies, Accounting Estimates

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, cash flows and other related information for the reporting period.

2. Accounting period

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

3. Functional currency

The Company adopts RMB as functional currency.

4. Accounting treatment methods for business combination under and not under common control

4.1 Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the consolidated financial statements of the ultimate controlling party at combination date; the initial investment cost of long-term equity investments in the individual financial statements shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party. The differences between initial investment cost of long-term equity investments and consideration of the combination (including cash paid, non-cash assets transferred, the liabilities incurred or assumed or the aggregate face value of the share issued) shall be adjusted to capital reserve (stock premium or capital premium). If the capital reserve (stock premium or capital premium) is insufficient to offset, offset surplus reserve and undistributed profit in turn.

4.2 Accounting treatment method for business combination not under common control

The Company accounts for business combination not under common control under purchase method.

- a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured based on the fair values of assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.
- b) The cost of acquisition shall be respectively determined for the following conditions;
 - i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair values of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.
 - ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Except for a single transaction.

- c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired
 - i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.
 - ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.
 - iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.
 - iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.
 - v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.
- d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination
 - i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.
 - ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:
 - 1) Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;
 - 2) After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

4.3. Treatment of relevant expenses arising from the Company's business combination

- a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.
- b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.
 - i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;
 - ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.
- c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.
 - i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);
 - ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

5. Preparation of consolidated financial statements

5.1 Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

5.2 Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

5.3 Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests exceed their share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

5.4 Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the beginning balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

6. Cash and cash equivalents

The term "cash" refers to cash on hand and unrestricted bank deposit and other cash and cash equivalents.

The term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

7. Foreign currency transactions and translation of foreign currency statements

7.1 Accounting method of foreign currency transactions

a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency borrowings relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

- 1) For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.
- 2) For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.
- 3) Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

7.2 Accounting treatment method for translation of foreign currency statements

a) The Company shall translate the financial statements of foreign operations in accordance with the following methods:

- i. Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur.
- ii. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur.

Differences arising from the above translations of foreign currency financial statements are separately listed under 'other comprehensive income' in the consolidated balance sheet.

b) The Company shall translate the financial statements of foreign operations that are in virulent inflation economy in accordance with the following methods:

- i. The Company restates the items in the balance sheet by using the general price index, and restates the items in the income statement by using the changes in general price index, and then converts those items at the spot exchange rate on the latest balance sheet date.
- ii. Where the foreign operations are no longer in virulent inflation economy, the Company ceases to restate the financial statements and converts the financial statements restated according to the price level on such cease.
- c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other comprehensive income in the balance sheet, from the other comprehensive income item to the gain or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

8. Financial instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

8.1 Classification of financial instruments

a) Classification of financial assets

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

8.2 Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

1) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

2) Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets at FVOCI; the company shall recognise the relevant dividend income of such financial assets into the current profit and loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit and loss.

3) Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

1) Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value

changes in enterprise's own credit risk) into the current profit and loss.

2) Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

8.3 Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

8.4 Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.

8.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

8.6 Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

8.7 Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

8.8 Impairment of Financial Assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and recognise the ECL.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those

instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g. fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii. Simplified approach

For accounts receivable, contract assets and notes receivable related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different notes receivable, accounts receivable and other receivables with the following characteristics. Such as: accounts receivable in dispute with the other party or involving litigation or arbitration; notes receivable, accounts receivable that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the ECL on collective basis. The basis for determining the portfolio is as following:

Account name	Portfolio Name	Approach of assessing expected credit risk
notes receivable /	Portfolio 1: Bank acceptance bill Portfolio	The management evaluates that such funds has low credit risk , and does not provision for bad debts.
Account receivable	Portfolio 2: Commercial acceptance bill Portfolio	the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate

Account name	Portfolio Name	Approach of assessing expected credit risk
financing		
Account receivable	Portfolio 1: Balance portfolio - related parties	The management evaluates that such funds has low credit risk , and does not provision for bad debts.
	Portfolio 2: Balance portfolio – non-related parties	the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of accounts receivable and the life time expected credit loss rate to estimate ECL.
Other receivable	credit risk characteristics portfolio	the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, according to the exposure at default . In the next 12 months or the life time expected credit loss rate to estimate ECL.

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

9. Inventories

9.1 Classification of inventories

Inventories are classified as: raw materials for repairmen such as main port machinery accessories, fuel, low-cost consumables, stock commodities, developed products, development cost, revolving materials and engineering construction, etc.

9.2 Measurement method of dispatched inventories

Materials and stock commodities are accounted for by using the weighted average method.

9.3 Basis to determine net realizable values of inventories and method of provision for diminution in value of inventories

a) Determination basis of net realizable values of inventories

- i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.
- ii. For the inventory of processed materials, in the normal production and operation process, the estimated price of the finished product is subtracted from the estimated cost, estimated sales cost and the amount of related taxes and fees to be incurred at the time of completion, and the net realizable value is determined.
- iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b) Provision for diminution in value of inventory

Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

- i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.
- ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.
- iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

9.4 Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

9.5 Amortization method of revolving materials

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

10. Long-term equity investments

10.1 Recognition of the initial investment costs of long-term equity investments

- a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with accounting treatment methods for business combination under and not under common control which are in the item 3 of the note 4.
- b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:
 - i. For the long-term equity investments acquired by cash paid, the initial investment cost shall be the actual purchase price has been paid. Initial investment cost also includes those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment.
 - ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities..
 - iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.
 - iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits

declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

10.2 Subsequent measurement and recognition of gains and losses of long-term equity investments

- a) Long-term equity investments measured under the cost method
 - i. Long-term equity investments that can control the investee, which are long-term equity investments in subsidiaries, are measured under the cost method.
 - ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.
- b) Long-term equity investments measured under the equity method
 - i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.
 - ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.
 - iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and losses realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments there from shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in

reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

11.3 Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b) Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

12. Investment property

12.1 Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

12.2 Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

- a) It is probable that the economic benefits relevant to the investment property will flow into the Company.
- b) The cost of the investment property can be measured reliably

12.3 Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

a) Depreciation and amortization method of investment property

- i. For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.
- ii. For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

13. Fixed assets

13.1 Recognition and measurement of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- b) The cost of the fixed assets can be measured reliably.

13.2 Depreciation of all fixed assets

- a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.
- b) Depreciation of fixed assets of the Company is provided for on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.
- c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of fixed assets	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Ships for the port	18	3	5.39
Vehicle	10	3	9.70
Loading and unloading machine	10	3	9.70
Harbor facilities	40	3	2.42
Warehouses and open yard facilities	40	3	2.42
Communication and navigation equipment	10	3	9.70
Machinery and equipment	10-12	3	8.08-9.70
Production houses	40	3	2.42
Buildings	10-50	3	1.94-9.70
Other production tools	10	3	9.70
Non-production machinery and tools	6-16	3	6.06-16.17
Non-production houses	40-45	3	2.16-2.42

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

- d) Fixed assets renovation costs eligible for capitalization in fixed assets during the two renovations or remaining useful life, whichever is the shorter period, is depreciated separately using the straight line method.
- e) For fixed assets acquired under financing leases, if there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

13.3 Recognition Standard, Valuation Method and Depreciation Method for Fixed Assets Acquired under Financing Lease

- a) Recognition standard for fixed assets acquired under financing lease

At the inception of the lease, the Company recognizes the leased fixed assets meeting the standards for financial leases as fixed assets acquired under financing leases.

- b) Valuation method for fixed assets acquired under financing lease

At the inception of the lease, the Company shall state the assets acquired under financing lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments, as

well as the initial and direct expenses occurred, recognize a long-term payable at the amount of the minimum lease payments, and shall charge the difference of the lower of the fair value of the leased assets or the present value of the minimum lease payments and the minimum lease payments to unrecognized finance expenses. Unrecognized finance expenses shall be amortized at the effective interest rate method in each period during the lease term.

c) **Depreciation for Fixed Assets Acquired under Financing Lease**

Adapt the same depreciation method as the one used on other fixed assets owned by the company. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets

14. Construction in progress

14.1 **Category**

Construction in progress is accounted on individual project basis.

14.2 **Criteria of conversion of construction in progress into fixed assets**

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

15. Borrowing costs

15.1 **Scope**

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency borrowings, etc.

15.2 **Recognition principles of capitalization of borrowing costs**

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

15.3 **Recognition of capitalization period of borrowing costs**

a) **Recognition of commencement of capitalization of borrowing costs**

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among

which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

15.4 Recognition of capitalized amounts of borrowing costs

a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

- i. As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.
- ii. As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.
- iii. Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.
- iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant borrowings.

b) Recognition of capitalized amounts of auxiliary expenses of borrowings

- i. Auxiliary expenses incurred from special borrowings before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

- ii. Auxiliary expenses incurred from general borrowings shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.
- c) Recognition of capitalized amount of exchange differences
During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency borrowings should be capitalized and included in the costs of the assets eligible for capitalization.

16. Right of use assets

Right of use assets refers to the right of the company as the lessee to use the leased assets during the lease term.

On the beginning date of the lease term, the company recognizes the right to use assets and lease liabilities for leases other than short-term leases and low value asset leases, and recognizes depreciation expenses and interest expenses respectively during the lease term. The company shall record the lease payment amount of short-term lease and low-value asset lease into the relevant asset cost or current profit and loss by using the straight-line method or other systematic and reasonable methods in each period of the lease term.

16.1 Initial measurement

On the beginning date of the lease term, the company initially measures the right to use assets according to the cost. The cost includes the following four items: ① the initial measurement amount of lease liabilities; ② For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted; ③ The initial direct expenses incurred are the incremental costs incurred in reaching the lease; ④ The costs expected to occur for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms, except those incurred for the production of inventories.

The amount shall be included in the cost of relevant assets or current profits and losses by using the straight-line method or other systematic and reasonable methods during each period of the lease term.

16.2 Subsequent measurement

a) Measurement basis

After the beginning date of the lease term, the company adopts the cost model for subsequent measurement of the right to use assets, that is, the right to use assets are measured at cost less accumulated depreciation and accumulated impairment losses.

If the company remeasures the lease liabilities in accordance with the relevant provisions of the lease standards, the book value of the right to use assets shall be adjusted accordingly.

b) Depreciation of right of use assets

From the beginning of the lease term, the company accrues depreciation for the right of use assets. The right of use assets shall be depreciated from the month when the lease term begins. The amount of depreciation accrued shall be included in the cost of relevant assets or current profits and losses according to the purpose of the right of use assets. When determining the depreciation method of right of use assets, the company adopts the straight-line method to depreciate the right of use assets according to the expected consumption mode of economic benefits related to the right of use assets. If

the right of use asset is impaired, the company will conduct subsequent depreciation according to the book value of the right of use asset after deducting the impairment loss. The depreciation period of right of use assets is calculated according to the lease term.

17. Intangible assets

17.1 Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

17.2 Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced there from, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	50	0	2
Right to use sea area	50	0	2
Computer software	6	0	16.67
Patent	The service life of the contract agreement	0	

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

17.3 Estimates of useful lives of intangible assets

- a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be

included into the useful lives.

- b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.
- c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

17.4 Specific criteria for classifying the research phase and the development phase of an internal research and development project

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

17.5 Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

- a) It is technically feasible to finish intangible assets for use or sale;
- b) It is intended to finish and use or sell the intangible assets;
- c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

17.6 Treatment of land use right

- a) The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital, it shall be transferred to investment property.
- b) For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.
- c) Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

18. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and

other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

19. Long-term deferred expenses

19.1 Scope

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

19.2 Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

19.3 Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

20. Contract liabilities

Contractual liabilities refer to the obligations of the company to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained the unconditional collection right before the company transfers the goods to the customer, the company will list the received or receivable as contract liabilities at the earlier of the actual payment and due payment by the customer. The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

21. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

21.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that fall due within 12 months from the end of the period in which the employees provide their services.

Short-term benefits including: wages, bonuses, allowances and subsidies, welfare, medical insurance, work injury insurance, maternity insurance and other social insurance, housing funds, labor union funds, employee education funds, short-term compensated absences, short-term profit-sharing plan, non-monetary benefits and other short-term remuneration.

Short-term benefits should be recognized as an employee provides his services to the entity. The benefit will normally be treated as an expense, and a liability should be recognized for any unpaid balance at the year-end.

21.2 Post-employment benefits - defined contribution plans

Contributions such as the basic pension insurance, unemployment insurance, annuity payment and so on are paid by the entity for workers according to the relevant regulations. The entity should recognize contributions payable as an expense or associated costs of assets in the period in which the employee provides services. A liability should be recognized where contributions arise in relation to an employee's service, but remain unpaid at the period end.

21.3 Termination benefits

Termination benefits, are employee benefits payable on the termination of employment, through voluntary redundancy or as a result of a decision made by the employer to terminate employment before the normal retirement date. Termination benefits are recognized as an expense when the entity is committed to either:

- a) When companies cannot unilaterally withdraw termination benefits due to termination of employment or layoff proposal provided.
- b) Enterprise recognizes termination benefits involving the restructuring payment of costs or expenses related to the time.

21.4 Other long-term employee benefits

Other long-term employee benefits, are defined as employee benefits except short-term employee benefits, post-employment benefits and termination benefits etc. During the reporting period, costs of other long-term employee benefits are recognized as an integral part of the following:

- a) The service costs.
- b) Net interest of net liabilities or net assets of other long-term employee benefits.
- c) Changes arising from remeasured net liabilities or net assets of other long-term employee benefits.

To simplify the related accounting treatment, the total net amount is recognized into profit or loss or associated costs of assets.

22. Lease liabilities

22.1 Initial measurement

The company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term.

a) Lease payments

Lease payment refers to the amount paid by the company to the lessor in connection with the right to use the leased assets during the lease term, including: ① fixed payment and substantial fixed payment. If there is lease incentive, the amount related to lease incentive shall be deducted; ② The amount of variable lease payments depending on the index or ratio, which is determined at the initial measurement according to the index or ratio on the beginning date of the lease term; ③ When the company reasonably determines that it will exercise the purchase option, the exercise price of the

purchase option; ④ The lease term reflects the amount to be paid when the company will exercise the option to terminate the lease; ⑤ The amount expected to be paid according to the residual value of the guarantee provided by the company.

b) Discount rate

When calculating the present value of lease payments, the company adopts the interest rate embedded in the lease as the discount rate. If the embedded interest rate of the lease cannot be determined, the incremental loan interest rate shall be used as the discount rate. The incremental loan interest rate refers to the interest rate that the company must pay to borrow funds with similar mortgage conditions during similar periods in order to obtain assets close to the value of use right assets under similar economic environment. Based on the bank loan interest rate and considering relevant factors, the company obtains the incremental loan interest rate.

22.2 Subsequent measurement

After the beginning date of the lease term, the company makes subsequent measurement of the lease liability according to the following principles: ① when confirming the interest of the lease liability, increase the book amount of the lease liability; ② When paying the lease payment, reduce the carrying amount of the lease liability; ③ When the lease payment changes due to revaluation or lease change, the book value of the lease liability shall be remeasured.

After the beginning date of the lease term, in case of the following circumstances, the company shall re measure the book value of the lease liability according to the present value of the changed lease payment, and adjust the book value of the right to use asset accordingly. If the book value of the right of use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company shall record the remaining amount into the current profit and loss.

- a) Changes in the actual fixed payment amount;
- b) The expected payable amount of guarantee residual value changes;
- c) The index or ratio used to determine the lease payment changes;
- d) Changes in the evaluation results or actual exercise of the purchase option, renewal option or termination option;

The interest expense of each period during the lease term shall be included in the current profits and losses, except those that should be capitalized.

23. Estimated liabilities

23.1 Recognition of estimated liabilities

When the obligations related with external security matters, pending litigation or arbitration, product quality assurance, loss of contracts, restructuring and other meet the following three conditions are confirmed as estimated liabilities:

- a) The obligation is a present obligation of the company
- b) The fulfillment of this obligation is likely to lead to outflow of economic benefits
- c) The amount of the obligation can be reliably measured

23.2 Measurement

Amount of estimated liabilities are measured at the best estimate of the expenditure for contingent liabilities.

- a) There is a continuous range of expenditure required and the likelihood of various outcomes within the same possibility, the best estimate is determined according to the median within the range.
- b) In other cases, the best estimate is treated separately in the following situations:
 - i. Contingent matters relating to individual projects, confirmed with the amount most likely to be.
 - ii. Contingent matters involve several items, calculated in accordance with all possible outcomes and associated probabilities.

24. Recognition of revenue

Operating revenue of the Company mainly includes revenue from sales of goods, revenue from rendering of service and revenue from transfer of asset use right, for which the recognition principles are as follows:

24.1 Specific criteria for recognition time of revenue from sales of goods

Revenue from sales of goods is recognized when the Company has transferred significant risks and rewards of ownership of the goods to the purchaser; the Company retains neither continuing managerial involvement usually related to the ownership nor effective control over the sold goods; revenues can be measured reliably; the relevant economic benefits are highly likely to flow into the Company; and the relevant costs incurred or to be incurred can be measured reliably.

24.2 Basis and method to recognize the schedule of completion of the contract when recognizing the revenues of rendering of services and construction contracts at percentage of completion method

- a) Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions can be estimated reliably

The Company recognizes revenue from rendering of service using the percentage-of-completion method on the balance sheet date when the outcome of service transactions can be estimated reliably.

When the amount of revenues can be measured reliably, related economic interests are likely to flow into the company, schedule of completion of the transitions can be measured reliably and the cost of transactions incurred or to be incurred can be measured reliably, the outcome of service transactions can be estimated reliably.

- b) Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions cannot be estimated reliably

If the outcome of rendering of services on the balance sheet date cannot be measured reliably, the revenues from rendering of services shall be recognized according to the following three conditions:

- i. If the labor costs that have already incurred can be fully compensated, the revenues from rendering of services are recognized at the amounts recovered or expected to be recovered and the labor costs that have already incurred shall be carried forward;
- ii. If the labor costs that have already incurred can be partially compensated, the revenues from rendering of services are recognized at the recoverable amounts of compensated labor costs and the labor costs that have already incurred shall be carried forward;
- iii. If it is expected that all the labor costs that have already incurred cannot be compensated, the labor costs that have already incurred are included into the current profit and loss (costs of primary business) and the revenues from rendering of services are not recognized.

24.3 Basis for recognition of revenue from transfer of asset use right

When economic benefits related to transactions are highly likely to flow into the Company and the amount of revenue can be reliably measured, the revenue from transfer of asset use right is recognized.

Specific revenue is recognized as follows:

- a) Loading and unloading income: refers to the income from the company's handling and unloading

services including coal and its products, alumina, coke, fertilizer, plywood, steel, iron ore and other goods. According to the flow of goods, it can be divided into foreign trade and domestic trade. Foreign trade handling income is the income obtained by providing port handling services for international trade goods; domestic trade handling income is the income obtained by providing port handling services for domestic trade goods; the confirmation time is when the loading and unloading services are completed and the cargo handling operations are confirmed by both parties.

- b) Stockpiling income: refers to the income that our company obtains from providing customers with the service of stockpiling goods in the port, which is charged according to the storage tonnage days of goods in the port and the charging standard. Storage tonnage days refer to the sum of the quantity of goods stored in a certain period of time and the number of storage days. The number of storage days is calculated from the first day when the goods enter the yard., according to the natural days, the last day does not count.
- c) Port administration income including freight port fee, berthing fee, mooring and unmooring fee, etc. The basis of the charges is the relevant provisions of the Regulations on Port Charges of the Ministry of Communications of the People's Republic of China (Foreign Trade Part) revised by Ministry of Communications Decree No. 11, 2001 and the relevant provisions of Decree No. 8, 2005 of the Ministry of Communications of the People's Republic of China (Domestic Trade Part). The confirmation time of mooring and unmooring fees, berthing fee is the time that ships leave berth at the end of operation. The confirmation time of port charges for goods before 2012 is when both sides confirm the amount of loading and unloading operations and the revenue of loading and unloading. According to the Notice of Jiangsu Provincial Finance Department, Price Bureau and Transport Department on Regulating the Management of Port Charges for Goods (Su Caizong [2011] 43#) and the Port Bureau of Jiangsu Provincial Transport Department on Defining the Port Cargo and Port Administration of Jiangsu Provincial Port Notice on matters related to fee management (Port Delivery [2011] 3#) stipulates that, as of January 1, 2012, port charges for goods shall be adjusted to administrative fees, which shall be levied by the port administration. The port administration shall return 50% of the levied port charges for foreign trade goods to the port operator, and the company shall include them in its non-operating income upon receipt of the refund. According to Jiangsu Provincial Finance Department „Jiangsu Provincial Price Bureau (Su Caizong [2014] 95#)"Notice on Cancellation of Port Freight Fees Collecting by Transport and Port Administration" from January 1, 2015, the port Freight Fees Collecting by Transport and Port Administration Departments at all levels in Jiangsu Province will be cancelled.

25. Contract cost

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the company for the performance of the contract is recognized as an asset when the following conditions are met:

- a) The cost is directly related to a current or expected contract.
- b) The cost increases the resources used by the company to fulfill its performance obligations in the future.
- c) The cost is expected to be recovered.

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as the contract acquisition cost as an asset.

The assets related to the contract cost are amortized on the same basis as the recognition of the income from goods or services related to the assets; However, if the amortization period of contract acquisition cost does not exceed one year, the company will record it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company will withdraw the impairment provision for the excess part and recognize it as asset impairment loss:

- a) The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

- b) The estimated cost to be incurred for the transfer of the relevant goods or services.

In case of subsequent reversal of the above asset impairment provision, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date assuming that the impairment provision is not withdrawn.

26. Government grants

26.1 Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

26.2 Recognition principles of government grants

Government grants are recognized when all the following conditions are met:

- a) The Company can meet the attached conditions for the government grants;
- b) The Company can receive the grants.

26.3 Measurement of government grants

- a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.
- b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is RMB 1).

26.4 Accounting treatment method of government grants

- a) The government grants related to assets shall be written off the book value of the related assets at the time of acquisition, or recognized as deferred income. Government grants measured as deferred income, allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.
- b) Government grants related to income shall be separately handled according to the following circumstances:
 - i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss during the period of recognition of the relevant expenses or written off the related costs.
 - ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off the related costs.
- c) For the government grants which include the assets related part and the income related part at the same time, if it can be divided into different parts to carry on the accounting treatment separately; if it is difficult to distinguish, the whole is classified as the government grants related to the income.
- d) Government grants related to the daily operation of the company, in accordance with the economic nature of the business, shall be accounted for other income or written off related costs. Government grants which have nothing to do with the daily activities of the enterprise shall be included in the non-operating income. If the department of finance dispenses the interest fund directly to the company, the interest fund shall be offset related borrowing costs.
- e) Recognized government grants required to be refunded shall be handled according to the following circumstances:
 - i. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

- ii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

27. Deferred tax assets and deferred tax liabilities

The Company adopts the balance sheet liability method to account for income tax.

27.1 Recognition of deferred tax assets or deferred tax liabilities

- a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.
- b) Recognition basis of deferred tax assets
 - i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.
 - ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.
 - iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill, transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

27.2 Measurement of deferred tax assets or deferred tax liabilities

- a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.
- b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.
- c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.
- d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

28. Adjustments for changes in major accounting policies and accounting estimates

28.1 Changes in accounting policies

Since January 1, 2021, the company has implemented the accounting standards for Business Enterprises, such as No. 22 - recognition and measurement of financial instruments, accounting standards for Business Enterprises, No. 23 - transfer of financial assets, accounting standards for

Business Enterprises, No. 24 - hedge accounting and accounting standards for Business Enterprises, No. 37 - presentation of financial instruments (hereinafter referred to as the "new financial instrument standards") revised by the Ministry of Finance in 2017.

The Ministry of Finance issued the revised revenue Standard on 5 July 2017 (Hereinafter referred to as the "new revenue standard") with NO.22 of Caikuai[2017]. The revised Standard requires the Company adjust the beginning retained earnings and related items of financial statements according to the cumulative impact of applying this Standard for the first time, and need not restate the comparative information. The company has implemented it since January 1, 2021 and handled it in accordance with relevant connection regulations.

On December 7, 2018, the Ministry of Finance issued the revised accounting standards for Business Enterprises No. 21 - leasing (NO.35 of Caikuai[2018]), requiring enterprises listed at home and abroad and enterprises listed abroad and preparing financial statements using international financial reporting standards or accounting standards for business enterprises to take effect from January 1, 2019; Other enterprises that implement the accounting standards for business enterprises shall be implemented as of January 1, 2021. The company has implemented it since January 1, 2021 and handled it in accordance with relevant connection regulations.

28.2 Changes in accounting estimates

There were no adjustments for changes in major accounting estimates in the reporting period.

28.3 The first implementation of new financial instrument standards, new income standards and new lease standards adjusts the relevant items of the financial statements at the beginning of the year

Consolidated Balance Sheet

Items	12/31/2021	1/1/2021	Adjustment		
			new financial instrument standards	new income standards	new lease standards
Financial assets held for trading	—	11,031,850.00	11,031,850.00		
Financial assets measured at fair value through current profit or loss	11,031,850.00	—	-11,031,850.00		
Notes receivable	607,404,026.99	450,695,535.07	-156,708,491.92		
Accounts receivable financing	—	156,708,491.92	156,708,491.92		
Other receivables	7,460,822,730.03	7,456,328,730.03	-4,494,000.00		
Other current assets	869,168,355.83	873,662,355.83	4,494,000.00		
Available-for-sale financial assets	100,816,666.55	—	-100,816,666.55		
Investment in other debt instruments	—	33,544,090.06	33,544,090.06		
Other non-current financial assets	—	67,272,576.49	67,272,576.49		
Right of use assets	—	34,910,488.69			34,910,488.69
Short-term loans	6,809,751,266.06	6,847,140,793.01	37,389,526.95		
Accounts payables	1,494,813,181.64	1,417,951,947.41	-76,861,234.23		
Receipts in advance	329,783,124.63			-329,783,124.63	

Items	12/31/2021	1/1/2021	Adjustment		
			new financial instrument standards	new income standards	new lease standards
Contract liabilities	—	297,155,455.60		297,155,455.60	
Other payables	1,140,667,682.27	443,931,092.57	-696,736,589.70		
Non-current liabilities due within one year	6,162,644,472.92	6,253,515,482.15	90,871,009.23		
Other current liabilities	2,200,000,000.00	2,355,274,762.83	122,647,093.80	32,627,669.03	
Long-term loans	7,804,697,401.17	7,843,484,589.82	38,787,188.65		
Bonds payable	14,813,931,935.83	15,297,834,941.13	483,903,005.30		
Lease liabilities	—	34,910,488.69			34,910,488.69

Description of adjustment of each item:

(1) According to the relevant provisions of the new income standard, the company adjusted the cumulative impact of the first implementation of the standard to the relevant items of the financial statements at the beginning of 2021, including the increase of contract liabilities by 297,155,455.60 yuan, the increase of other-current liabilities by 32,627,669.03 yuan and the decrease of Receipts in advance by 329,783,124.63 yuan.

(2) According to the relevant provisions of the new standards for financial instruments, the company adjusted the cumulative impact of the first implementation of the standards to the relevant items of the financial statements at the beginning of 2021, specifically including: ① reclassifying the Financial assets measured at fair value through current profit or loss as Financial assets held for trading, and increasing Financial assets held for trading by 11,031,850.00 yuan; ② Adjust the bank acceptance bill with higher credit level to Accounts receivable financing, increase Accounts receivable financing by 156,708,491.92 yuan and decrease notes receivable by 156,708,491.92 yuan; ③ Adjust the accrued interest receivable listed in the original other receivables to the corresponding original account, reduce other receivables by 4,494,000.00 yuan and increase other current assets by 4,494,000.00 yuan; ④ Reclassify the original Available-for-sale financial assets into Investment in other debt instruments and other non current financial assets, increase Investment in other debt instruments by 33,544,090.06 yuan and other non current financial assets by 67,272,576.49 yuan. ⑤ Adjust the accrued interest payable listed in other payables to the corresponding original account, reduce other payables by 696,736,589.70 yuan, increase Short-term loans by 37,389,526.95 yuan, Non-current liabilities due within one year by 90,871,009.23 yuan, other current liabilities by 45,785,859.57 yuan, Long-term loans by 38,787,188.65 yuan and bonds payable by 483,903,005.30 yuan; ⑥ Adjust the endorsed transfer notes that have not been derecognized to other current liabilities, reduce accounts payable by 76,861,234.23 yuan and increase other current liabilities by 76,861,234.23 yuan.

(3) According to the relevant provisions of the new leasing standards, the company adjusted the cumulative impact of the first implementation of the standards to the relevant items of the financial statements at the beginning of 2021, including the adjustment and increase of Right of use assets of 34,910,488.69 yuan and lease liabilities of 34,910,488.69 yuan.

Balance Sheet of the Parent Company

Items	12/31/2021	1/1/2021	Adjustment		
			new financial instrument standards	new income standards	new lease standards
Available-for-sale financial assets	92,194,090.06	—	-92,194,090.06		

Items	12/31/2021	1/1/2021	Adjustment		
			new financial instrument standards	new income standards	new lease standards
Investment in other debt instruments	—	33,544,090.06	33,544,090.06		
Other non-current financial assets	—	58,650,000.00	58,650,000.00		
Right of use assets	—	34,910,488.69			
Short-term loans	4,486,000,000.00	4,503,389,526.95	17,389,526.95		
Receipts in advance	17,894,040.51			-17,894,040.51	
Contract liabilities	—	16,252,534.52		16,252,534.52	
Other payables	1,516,277,623.47	886,356,881.02	-629,920,742.45		
Non-current liabilities due within one year	5,885,310,414.24	5,976,181,423.47	90,871,009.23		
Other current liabilities	1,700,000,000.00	1,747,427,365.56	45,785,859.57	1,641,505.99	
Long-term loans	3,622,580,000.00	3,631,367,188.65	8,787,188.65		
Bonds payable	11,747,596,510.19	12,214,683,668.24	467,087,158.05		

Description of adjustment of each project of the parent company:

(1) According to the relevant provisions of the new income standard, the company adjusted the cumulative impact of the first implementation of the standard to the relevant items of the financial statements at the beginning of 2021, including the increase of contract liabilities by 16,252,534.52 yuan, the increase of other current liabilities by 1,641,505.99 yuan and the decrease of Receipts in advance by 17,894,040.51 yuan.

(2) According to the relevant provisions of the new financial instrument standards, the company adjusted the cumulative impact of the first implementation of the standards to the relevant items of the financial statements at the beginning of 2021, specifically including: ① reclassifying the original Available-for-sale financial assets into Investment in other debt instruments and Other non-current financial assets, increasing the Investment in other debt instruments by 33,544,090.06 yuan and other non-current financial assets by 58,650,000.00 yuan. ② Adjust the accrued interest payable listed in other payables to the corresponding original account, reduce other payables by 629,920,742.45 yuan, increase short-term borrowings by 17,389,526.95 yuan, Non-current liabilities due within one year by 90,871,009.23 yuan, other current liabilities by 45,785,859.57 yuan, Long-term loans by 8,787,188.65 yuan and bonds payable by 467,087,158.05 yuan.

28.4 Description of the first adjustment of financial instruments in the earlier period and retroactive implementation of new standards

The company does not retroactively adjust the previous comparative data due to the implementation of the new leasing standards for the first time since 2021.

IV. Taxation

1. Major tax types and tax rates

Tax type	Taxation Basis	Tax rate
Value-added tax	sales income	13%、9%、6%
City construction tax	taxable flow tax	7%、5%
Education fee additional tax	taxable flow tax	3%

Tax type	Taxation Basis	Tax rate
Local education fee additional tax	taxable flow tax	2%,1%
Income tax	taxable income	25%,15%

Note:

The subsidiary Lianyungang port engineering design and Research Institute Co., Ltd. was recognized as a high-tech enterprise on December 2, 2020, with certificate number of GR202032011280 and validity period of 3 years; Jiangsu Xinhang Electric Co., Ltd. was recognized as a high-tech enterprise on December 5, 2019 It is recognized as a high-tech enterprise with certificate No. GR201932007239 and validity period of 3 years. The corporate income tax rate of 15% shall be applied to high-tech enterprises and 25% shall be applied to other enterprises.

V. Notes to the Main Items of the Financial Statements (All amounts are stated in CNY unless otherwise stated)

1. Cash

Items	12/31/2021	1/1/2021
Cash on hand	33,149.53	9,227.09
Cash in bank	1,912,563,359.26	2,309,809,215.5
Other monetary funds	1,326,106,061.76	632,943,360.41
Total	3,238,702,570.55	2,942,761,803.00

Including: Other monetary fund details are as follow

Items	12/31/2021	1/1/2021
Guarantee deposits	1,325,760,998.58	631,203,392.72
Deposit in a securities account	345,063.18	1,739,967.69
Total	1,326,106,061.76	632,943,360.41

2. Financial liabilities held for trading

Items	12/31/2021	1/1/2021
Financial products	20,000,000.00	
Futures		11,031,850.00
Total	29,271,000.00	11,031,850.00

3. Notes receivable

3.1 Classification of notes receivable

Items	12/31/2021	1/1/2021
Bank acceptance	436,177,258.07	450,695,535.07
Total	436,177,258.07	450,695,535.07

3.2 As of December 31, 2021, the pledge of notes receivable was zero.

3.3 As of December 31, 2021, Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance	75,439,712.31	75,010,070.66
Bank acceptance	75,439,712.31	75,010,070.66

3.4 As of December 31, 2021, the company is not due to the issuer's inability to perform the contract and

will turn the notes to accounts receivable

4. Accounts receivable

4.1 Disclosed by Aging

Aging	12/31/2021	1/1/2021
Within 1 year	4,212,365,374.33	4,214,307,564.25
1-2 year	259,003,717.78	521,603,071.49
2-3 year	342,319,111.69	386,362,343.74
3-4 year	370,594,717.13	391,174,916.18
4-5 year	382,123,432.43	23,118,409.36
Over 5 year	13,729,051.10	42,471,529.80
Book balance sub-total	5,580,135,404.46	5,579,037,834.82
Less: Bad debt provision	304,763,252.57	322,098,906.96
Net value	5,275,372,151.89	5,256,938,927.86

4.2 Disclosed by bad debt accrual method

Items	12/31/2021				Net value
	Book balance		Bad debt provision		
	Amount	%	Amount	%	
Receivables whose bad debt provisions are made separately					
Receivables whose bad debt provisions are made by portfolio	5,580,135,404.46	100.00	304,763,252.57	5.46	5,275,372,151.89
Including: overdue aging combination	4,639,324,125.35	83.14	304,763,252.57	6.57	4,334,560,872.78
Other combinations	940,811,279.11	16.86			940,811,279.11
Total	5,580,135,404.46	100.00	304,763,252.57	5.46	5,275,372,151.89

Continued on the table

Items	1/1/2021				Net value
	Book balance		Bad debt provision		
	Amount	%	Amount	%	
Receivables whose bad debt provisions are made separately					
Receivables whose bad debt provisions are made by portfolio	5,579,037,834.82	100.00	322,098,906.96	5.77	5,256,938,927.86
Including: overdue aging combination	4,646,413,077.76	83.28	322,098,906.96	6.93	4,324,314,170.80
Other combinations	932,624,757.06	16.72			932,624,757.06
Total	5,579,037,834.82	100.00	322,098,906.96	5.77	5,256,938,927.86

In the portfolio, accounts receivable for which bad debt provision is withdrawn by overdue aging analysis method:

Overdue aging	12/31/2021			1/1/2021		
	Book balance	Bad debt provision	Accrual proportion%	Book balance	Bad debt provision	Accrual proportion%
Not overdue	4,212,365,374.33	210,618,268.72	5	4,214,307,564.25	210,715,378.21	5
Within 1 year	259,003,717.78	25,900,371.78	10	275,851,463.38	27,585,146.34	10
1-2 year	88,380,981.53	26,514,294.46	30	64,979,964.59	19,493,989.38	30
2-3 year	49,212,337.98	19,684,935.19	40	25,684,146.38	10,273,658.55	40
3-4 year	16,632,662.63	8,316,331.32	50	23,118,409.36	11,559,204.68	50
Over 4 year	13,729,051.10	13,729,051.10	100	42,471,529.80	42,471,529.80	100
Total	4,639,324,125.35	304,763,252.57	6.57	4,646,413,077.76	322,098,906.96	6.93

In the portfolio, bad debt reserves are not withdrawn for other portfolios.

4.3 Bad debt provision

Items	1/1/2021	Changes in current period			12/31/2021
		Increase	Reversal	Deduct	
Non-related parties portfolio	322,098,906.96		17,335,654.39		304,763,252.57
Total	322,098,906.96		17,335,654.39		304,763,252.57

4.4 Top five entities with the largest balances of the accounts receivable

Debtor's name	Closing balance	Proportion in the total accounts' receivables (%)	Provision Amount
Lianyungang Jinrong wharf Co., Ltd	383,359,681.95	6.87	19,167,984.10
Lianyungang Port Public Assets Management Co., Ltd	365,490,769.80	6.55	
Lianyungang Port holding group Xuwei Co., Ltd	321,382,379.15	5.76	
CCCC Shanghai channel survey, design and Research Institute Co., Ltd	293,515,703.11	5.26	14,675,785.16
SMRT CONCEPT INTERNATIONAL INVESTMENT LIMITED	262,417,425.00	4.70	13,120,871.25
Total	1,626,165,959.01	29.14	46,964,640.51

5. Accounts receivable financing

Items	12/31/2021	1/1/2021
Bank acceptance	168,544,625.04	156,708,491.92
Total	168,544,625.04	156,708,491.92

Note: the company has no bank acceptance bill for which impairment provision is accrued individually. The company believes that the bank acceptance bill held by the company does not have significant credit risk and will not cause significant losses due to the default of the bank or other drawer, so the expected credit loss is not accrued.

6. Advances to suppliers

6.1 Aging analysis

Aging	12/31/2021		1/1/2021	
	Amount	%	Amount	%
Within 1 year	968,830,041.84	67.79	1,194,959,846.60	79.74
1-2 year	297,838,575.40	20.84	135,805,179.95	9.06
2-3 year	101,200,790.79	7.08	100,807,014.84	6.73
Over 3 year	61,194,847.68	4.29	67,036,510.08	4.47
Total	1,429,064,255.71	100.00	1,498,608,551.47	100.00

6.2 Top five entities with the largest balances of prepayments

Company name	Amount	Proportion in the total (%)
Lianyungang Xinshuntong New Material Co., Ltd	238,850,517.12	16.71
Lianyungang Railway Construction Leading Group Office	160,000,000.00	11.20
Lianyungang Railway Office East Longhai Railway Electrification Reconstruction Project	85,000,000.00	5.95
Shanghai Cooperation Organization (Lianyungang) International Logistics Park Management Committee	84,885,766.00	5.94
Lianyungang Jinneng Logistics Co., Ltd	58,988,058.28	4.13
Total	627,724,341.40	43.93

7. Other receivables

7.1 Category

Items	12/31/2021	1/1/2021
Interests receivable		
Dividends receivable	13,650,000.00	
Other receivables	9,351,177,437.59	7,456,328,730.03
Total	9,364,827,437.59	7,456,328,730.03

7.2 Dividend receivable

Items	12/31/2021	1/1/2021	Aging	Overdue reason	Whether impair and determination basis
Lianyungang Wanbang Bulk Cargo Logistics Co., Ltd.	13,650,000.00		Within 1 year		
Total	13,650,000.00				

7.3 Other receivables

a) Classification of other receivables by aging

Aging	12/31/2021	1/1/2021
Within 1 year	3,990,332,374.41	3,855,180,100.64
1-2 year	1,964,066,171.02	3,326,258,824.77
2-3 year	3,264,840,052.90	519,245,477.09
3-4 year	429,293,514.23	4,611,923.68
4-5 year	4,072,265.95	3,037,285.00

Aging	12/31/2021	1/1/2021
Over 5 year	2,459,959.89	359,959.89
Book balance sub-total	9,655,064,338.40	7,708,693,571.07
Less: Bad debt provision	303,886,900.81	252,364,841.04
Net value	9,351,177,437.59	7,456,328,730.03

b) Classification of other receivables by nature

Nature of payment	12/31/2021	1/1/2021
Related transactions	7,617,267,123.61	5,409,162,272.93
Security deposit	40,432,041.62	39,168,063.30
Petty cash	10,151,920.00	12,997,439.76
Loan	1,732,999,295.91	1,689,128,356.21
Other receivables	254,213,957.26	558,237,438.87
Book balance sub-total	9,655,064,338.40	7,708,693,571.07
Less: Bad debt provision	303,886,900.81	252,364,841.04
Net value	9,351,177,437.59	7,456,328,730.03

c) Disclosed by bad debt accrual method

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
1/1/2021	63,422,399.10	188,942,441.94		252,364,841.04
Opening balance in current period				
—Move to phase II			—	
—Move to phase III				
—Back to phase II				
—Back to phase I				
Current increase		62,222,840.15		62,222,840.15
Current Reversal	10,700,780.38			10,700,780.38
Current Deduct				
Other changes				
12/31/2021	52,721,618.72	251,165,282.09		303,886,900.81

d) Bad debt provision

Items	1/1/2021	Changes in current period			12/31/2021
		Increase	Reversal	Deduct	
Non-related parties portfolio	252,364,841.04	51,522,059.77			303,886,900.81
Total	252,364,841.04	51,522,059.77			303,886,900.81

e) top five entities with the largest balances of the account receivables

Company name	Business content	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Port Holding Group Co., Ltd.	Related contacts	2,706,905,043.34	Within 1 year 920,737,000; 1-2year 844,500,000; 2-3year 785,486,791.72; 3-4year 156,181,251.62	28.04	
Jiangsu Golden Harbour Investment Co., Ltd.	Related contacts	1,926,601,240.29	Within 1 year 143,622,840.29; 1-2year 462,841,746.11; 2-3year 1,320,136,653.89	19.95	
Lianyungang Port Holding Group Xu Wei Co., Ltd.	Related contacts	1,339,607,433.62	Within 1 year 8,4436,248.01; 1-2year 354,250,146.71; 2-3year 828,719,969.9; 3-4year 68,081,466.94; 4-5year 4,119,602.06	13.87	
Lianyungang Xuwei Port Investment Co., Ltd.	Non-related contacts	953,337,528.84	Within 1 year 263,337,528.84; 1-2year 290,000,000; 2-3year2 00,000,000; 3-4year 200,000,000	9.87	182,166,87 6.44
Lianyungang Golden Orient Port Investment Co., Ltd.	Non-related contacts	679,869,246.19	Within 1 year 679,869,246.19	7.04	33,993,462 .31
Total		7,606,320,492.28		78.77	216,160,33 8.75

8. Inventories

8.1 Categories of Inventory

Items	12/31/2021			1/1/2021		
	Cost	Provision for inventory write-down	Net value	Cost	Provision for inventory write-down	Net value
Raw materials	62,926,265.05	101,836.85	62,824,428.20	50,426,309.66	123,518.37	50,302,791.49
Development cost	1,684,211,149.67		1,684,211,149.67	1,500,487,744.45		1,500,487,744.45
Develop products	234,489,792.42		234,489,792.42	234,489,792.42		234,489,792.42

Items	12/31/2021			1/1/2021		
	Cost	Provision for inventory write-down	Net value	Cost	Provision for inventory write-down	Net value
Finished goods	757,941,847.58	8,320,000.00	749,621,847.58	475,073,683.66	8,196,481.63	466,877,202.03
Circulation material	55,920.20		55,920.20	55,920.20		55,920.20
Construction works	169,576,914.15		169,576,914.15	196,534,773.29		196,534,773.29
Total	2,909,201,889.07	8,421,836.85	2,900,780,052.22	2,457,068,223.88	8,320,000.00	2,448,748,223.88

8.2 Provision for decline in value of inventories

Category	1/1/2021	Increases in current period		Decreases in current period		12/31/2021
		provision	Other	Reversal as increase of asset value	Other	
Raw material	123,518.37			21,681.52		101,836.85
Finished goods	8,196,481.63	123,518.37				8,320,000.00
Total	8,320,000.00	123,518.37		21,681.52		8,421,836.85

9. Other current assets

Items	12/31/2021	1/1/2021
Input VAT allowances	451,475,169.57	463,463,082.60
Bank financial products	329,900,964.95	377,916,863.99
Loan by mandate	56,936,352.80	26,000,000.00
Prepaid income tax	5,744,248.39	1,767,979.69
Trust guarantee fund	9,271,000.00	
Other	1,022,622.01	20,429.55
Accrued interest	1,950,000.00	4,494,000.00
Total	856,300,357.72	873,662,355.83

10. Long-term receivables

Item	12/31/2021			1/1/2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Finance lease	243,895,799.13		243,895,799.13	447,849,010.88		447,849,010.88
Less: Unrealized Financing Profits	58,024,815.43		58,024,815.43	95,237,024.84		95,237,024.84
Total	185,870,983.70		185,870,983.70	352,611,986.04		352,611,986.04

11. Long-term equity investment

Investee	1/1/2021	Changes in Current Period							12/31/2021	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment		
(1) Associated Enterprise										
Lianyungang Qianhong Petrochemical warehousing Co. Ltd.	38,591,830.89			191,534.72						38,783,465.61
Fengyi Oil Technology (Lianyungang) Co., Ltd.	100,754,589.26			27,136,470.66		224,120.00				128,115,179.92
Yi Hai (Lianyungang) grain and Oil Co., Ltd.	194,328,049.90			28,345,750.47	-1,500,561.79		-10,000,000.00			211,173,238.58
Lianyungang Zhonglian tallying Co.	4,174,428.82			2,665,283.37			-2,308,383.50			4,531,328.69
Lianyungang Port international Petrochemical Storage Co., Ltd.	45,029,848.32			-4,818,557.99						40,211,290.33
Fengyi alcohol industry (Lianyungang) Co., Ltd.	33,702,260.10			8,051,769.33						41,754,029.43
Lianyungang Xinyi international freight forwarding Co., Ltd.	665,959.51									665,959.51
Lianyungang Harbor Travel Company	250,000.00									250,000.00
Lianyungang Sino-foreign Transport International Logistics Co., Ltd.	55,146,295.27			-2,163,266.19						52,983,029.08
Lianyungang Taidi Petrochemical Co., Ltd.	98,566,463.50			-5,044,010.36						93,522,453.12
New Land Bridge (Lianyungang) Terminal Co., Ltd.	193,263,237.71			14,290,953.74			-13,367,374.33			194,186,817.12

Investee	1/1/2021	Changes in Current Period							12/31/2021	Closing Balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment			Other
Lianyungang New Oriental International Container Terminal Co., Ltd	375,628,832.90			34,082,452.83							-378,211,385.73
Lianyungang Shihua crude oil terminal Co., Ltd	9,753,870.44			-33,047.33							9,720,823.11
Lianyungang Tianjia International Logistics Co., Ltd	352,927.67	1,600,000.00		-77,015.62							1,875,912.05
Lianyungang Waanbang Bulk Cargo Logistics Co., Ltd	73,970,350.12			15,893,596.60							76,213,946.72
Huasian East China International Logistics Co., Ltd	2,670,349.43										2,670,349.43
Shanxi Lian Fang International Logistics Co., Ltd	8,729,446.38										8,729,446.38
Lianyungang Jimeng Logistics Co., Ltd	8,823,813.40			-182,313.44							8,641,499.96
Lianyungang Lianhe New Building Materials Technology Co., Ltd	5,703,140.95										
Hkbc express project investment	247,946,200.00						-5,669,600.00				242,276,600.00
Lianyungang Gaogate International Multimodal Transport Co., Ltd	2,365,494.13			60,072.47							2,425,566.60
Lianyungang Yuangang Logistics Co., Ltd	18,324,389.68			291,529.43							18,615,919.11
Lianyungang Ocean Shipping Agency Ltd	27,174,809.91			3,377,549.58							26,146,856.36
Jiangsu new Coast International Logistics Co., Ltd	33,975,684.22		-8,000,000.00	265,044.99							26,240,929.21

Investee	1/1/2021	Changes in Current Period							12/31/2021	Closing Balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment			Other
Lianyungang Ximaogang Clean Energy Co., Ltd.	4,540,830.75				58,235.81					4,599,066.56	
Jiangou Xinwei Multimodal transport Co., Ltd.	34,468,906.39				-3,162,265.22					31,304,641.17	
Lianyungang Friendship Hotel	3,104,949.50									3,104,949.50	3,104,949.50
Lianyungang Port Automobile Repair Factory				-12,469.82					220,252.44	207,782.62	
Lianyungang Juchuang New Building Materials Technology Co., Ltd.									200,000.00	200,000.00	
Lianyungang Xianzhi Construction Technology Co., Ltd.		1,360,000.00								35,787,095.02	37,147,095.02
Lianyungang New Silk Road International Container Development Co., Ltd.				-4,502,473.99						9,600,000.00	5,297,526.01
Subtotal	1,622,005,259.15	2,960,000.00	-8,000,000.00	117,818,953.43	-10,274,191.20	224,120.00	-75,231,260.96	40,304,206.51	1,689,807,086.93	3,104,949.50	
Total	1,622,005,259.15	2,960,000.00	-8,000,000.00	117,818,953.43	-10,274,191.20	224,120.00	-75,231,260.96	40,304,206.51	1,689,807,086.93	3,104,949.50	

Note: Changes in Current Period - Others: ① Lianyungang New Silk Road International Container Development Co., Ltd. transferred its equity this year, and the proportion of equity investment was changed from 100% to 49%. It was no longer included in the scope of consolidation this year, and the long-term equity investment calculated by equity method was increased by 9.8 million yuan this year; ② Lianyungang Lianhe New Building Materials Technology Co., Ltd. obtained control this year and was included in the scope of consolidation this year. The long-term equity investment calculated by the original equity method decreased by 5,703,140.95 yuan; ③ Lianyungang Port Automobile Repair Factory, Lianyungang Juchuang New Building Materials Technology Co., Ltd. and Lianyungang Xianzhi Construction Technology Co., Ltd. are the investment of joint-stock enterprises of subsidiaries which incorporated into the group from the restructuring of collective enterprises this year.

12. Investment in other equity instruments

12.1 Investment in other equity instruments

Items	12/31/2021	1/1/2021
Bank of Jiangsu	37,178,866.12	33,544,090.06
Total	37,178,866.12	33,544,090.06

12.2 Equity instruments which not held for trading

Items	Accumulated gains included in other comprehensive income	Reasons for designation as measured at fair value with changes included in other comprehensive income
Bank of Jiangsu	25,418,866.12	Long-term holding not for trading
Total	25,418,866.12	

Note: The company held 6,377,164 shares of Bank of Jiangsu, with a market price of 5.83 yuan per share and a fair value of 37,178,866.12 yuan at the end of the period.

13. Other non-current financial assets

Items	12/31/2021	1/1/2021
Financial assets classified as financial assets measured at fair value and whose changes are included in current profits and losses	85,507,576.49	67,272,576.49
Including: Debt instrument investment		
Equity instrument investment	85,507,576.49	67,272,576.49
Total	85,507,576.49	67,272,576.49

13.1 Details of equity instrument investment

Name of investee	1/1/2021	Increase	1/1/2021	12/31/2021	investment ratio (%)
Lianyungang Yushengda Industrial Co., Ltd	50,000.00			50,000.00	12.20
Lianyungang Fanya Logistics Co., Ltd	3,100,000.00			3,100,000.00	4.56
Lianyungang Jinrun Logistics Co., Ltd	7,422,576.49			7,422,576.49	5.00
Wuxi Ruigang Hotel Co., Ltd	1,200,000.00			1,200,000.00	17.14
Jiangsu Lianyungang International Logistics Park Investment Co., Ltd	37,500,000.00	12,500,000.00		50,000,000.00	9.00
Jiangsu International Freight Train Co., Ltd	18,000,000.00	5,735,000.00		23,735,000.00	2.50
Total	67,272,576.49	18,235,000.00		85,507,576.49	

14. Investment properties

14.1 Investment property using cost model

Item	Properties and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	103,123,520.74	848,650,813.05	951,774,333.79
2. Addition this period	256,161.37		256,161.37
(i) Purchase	256,161.37		256,161.37
3. Decrease this period			
(i) Disposal			
4. Closing balance	103,379,682.11	848,650,813.05	952,030,495.16
II. Accumulated depreciation and amortization			
1. Opening balance	19,022,057.84	133,178,042.42	152,200,100.26

Item	Properties and buildings	Land use rights	Total
2. Addition this period	2,452,867.86	21,107,911.63	23,560,779.49
(1) Provision or amortization	2,452,867.86	21,107,911.63	23,560,779.49
(2) Other			
3. Decrease this period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	21,474,925.70	154,285,954.05	175,760,879.75
III. Provision for impairment			
IV. Book value			
1. Closing book value	81,904,756.41	694,364,859.00	776,269,615.41
2. Opening book value	84,101,462.90	715,472,770.63	799,574,233.53

15. Fixed assets

15.1 Category

Items	12/31/2021	1/1/2021
Fixed Assets	14,914,985,079.01	14,918,939,797.60
Disposal of fixed assets		
Total	14,914,985,079.01	14,918,939,797.60

15.2 Details of Fixed Assets

Item	Ships for the port	Vehicle	Loading and unloading machine	Harbor facilities	Warehouses and open yard facilities	Communication and navigation equipment	Machinery and equipment	Production houses	Buildings	Other production tools	Non-production machinery and tools	Non-production houses	Total
I. Original cost of fixed assets													
1. Opening Balance	1,238,878,121.78	263,922,623.36	2,079,500,000.78	6,073,469,351.70	1,611,965,009.30	46,241,764.88	2,718,295,211.28	5,790,689,378.02	1,191,854,979.49	159,596,558.82	323,186,078.65	279,437,671.29	21,790,817,149.17
2. Increase in current period	907,609,469.03	59,167,599.11	73,175,982.32	45,720,948.64	33,126,717.36	3,017,877.65	148,465,004.74	66,112,320.19	191,920,607.60	2,945,664.11	26,290,372.26	50,973,317.18	807,518,129.68
(1) External purchase	907,609,469.03	25,646,336.02	73,175,982.32	2,188,294.41	33,126,717.36	3,017,877.65	105,911,990.07	286,052.22	66,096,318.25	2,945,664.11	26,002,345.29	46,328,278.85	486,495,124.09
(2) Transfer from construction in progress				43,532,654.23				31,241,566.64	123,824,274.60			5,764,564.57	264,372,000.24
(3) Business combination		30,322,223.09					42,553,014.67	34,594,701.13	2,038,013.74		2,278,028.97	4,880,035.76	116,648,015.36
(4) Others													
3. Decrease in current period	90,535,206.00	42,520,603.06		1,241,410.57	665,657.87	371,853.61	76,166,598.29	33,359,325.36	2,035,761.49		12,003,480.16	18,377,073.24	237,226,969.65
(1) Disposal or scrap	90,535,206.00	42,198,088.06		1,241,410.57	665,657.87	371,853.61	76,166,598.29	24,752,878.36	2,035,761.49		11,871,514.11	18,377,073.24	228,166,129.60
(2) Business combination		322,515.00						8,606,348.00			131,966.05		9,040,820.05
(3) Others													
4. Closing Balance	1,265,752,384.81	297,569,579.43	2,152,696,183.10	6,117,568,869.77	1,644,426,266.79	42,837,788.32	2,790,593,617.73	5,823,422,372.85	1,391,726,825.69	162,542,522.93	339,432,970.55	312,023,915.23	22,361,106,319.20
II. Accumulated depreciation													
1. Opening Balance	597,574,243.36	289,867,651.11	1,120,826,766.78	1,164,088,168.56	358,479,790.85	31,602,364.96	1,400,528,530.39	1,297,610,828.16	162,822,928.05	97,218,605.29	242,796,281.01	74,350,097.95	6,871,877,251.57
2. Increase in current period	59,052,241.32	25,219,776.99	120,575,017.41	131,173,221.94	39,965,712.00	1,647,235.61	164,517,042.84	141,690,531.30	37,566,069.63	856,433.90	21,427,299.05	11,033,960.67	754,718,242.96
(1) Provision	59,052,241.32	15,076,294.57	120,575,017.41	131,173,221.94	39,965,712.00	1,647,235.61	151,811,648.39	130,895,904.28	35,620,442.68	856,433.90	19,642,855.34	8,375,191.13	715,692,298.87

Item	Ships for the port	Vehicle	Loading and unloading machine	Harbor facilities	Warehouses and open yard facilities	Communication and navigation equipment	Machinery and equipment	Production houses	Buildings	Other production tools	Non-production machinery and tools	Non-production houses	Total
(2) Business combination		9,343,382.42					42,795,394.45	10,795,027.92	1,839,826.96		1,784,583.71	2,657,559.54	39,225,964.09
(3) Others													
3. Decrease in current period	22,498,741.72	16,135,007.42	29,582.72	15,690,651.47	15,628,260.93	82,009.89	71,568,501.16	24,089,808.70	830,728.06		11,474,398.45	2,738,666.83	180,474,354.34
(1) Disposal or scrap	22,498,741.72	16,837,810.15	29,582.72	15,690,651.47	15,628,260.93	82,009.89	71,568,501.16	23,342,837.25	830,728.06		11,383,378.98	2,738,666.83	179,339,166.15
(2) Business combination		287,197.27						748,569.45			91,021.47		1,135,188.19
(3) Others													
4. Closing Balance	634,218,742.96	218,952,420.68	1,241,372,301.47	1,299,571,739.03	382,817,231.92	33,187,691.99	1,493,477,072.07	1,598,211,582.76	199,862,269.82	98,075,094.29	252,749,381.61	82,644,451.79	7,446,121,240.19
III. Impairment provision													
IV. Carrying Amount													
1. Closing carrying amount	661,532,641.85	78,617,158.75	911,323,981.63	4,818,397,150.74	1,261,006,026.87	9,770,996.33	1,297,116,545.66	4,314,210,420.09	1,181,877,556.07	64,487,438.64	86,683,588.94	229,379,483.44	14,914,985,079.01
2. Opening carrying amount	641,023,878.42	74,054,972.27	958,693,034.00	4,889,400,183.14	1,232,485,428.45	8,635,399.92	1,317,796,680.89	4,399,058,549.86	1,028,822,051.44	62,377,508.43	80,359,697.44	205,077,613.34	14,918,939,797.60

16. Construction in progress

16.1 Category

Items	12/31/2021	1/1/2021
construction in progress	19,453,790,226.55	18,045,579,447.31
Construction supplies		
Total	19,453,790,226.55	18,045,579,447.31

16.2 Details of the construction in progress

Items	12/31/2021			1/1/2021		
	Cost	Impairment provision	Net value	Cost	Impairment provision	Net value
Yanwei Port Area project	482,949,713.98		482,949,713.98	445,181,274.83		445,181,274.83
New Gulf Pier construction	34,205,823.93		34,205,823.93	14,525,093.57		14,525,093.57
Xinsu Port Pier construction	309,191,717.14		309,191,717.14	282,044,722.90		282,044,722.90
Logistics land bridge bonded warehouse project	67,941,561.59		67,941,561.59	67,819,437.69		67,819,437.69
Special railway line for Middle Yantai Logistics Park	1,179,595,298.60		1,179,595,298.60	1,053,479,031.79		1,053,479,031.79
Xuwei Port Area Phase I project	824,416,794.07		824,416,794.07	765,573,431.11		765,573,431.11
Shanghai mortgage asset decoration project	24,092,490.04		24,092,490.04	24,092,490.04		24,092,490.04
Technical improvement project of 68# berths taking into account both passenger and roll functions	69,421,872.89		69,421,872.89	64,947,659.75		64,947,659.75
Renovation project of berth 33 in Lianyungang Port	18,805,434.11		18,805,434.11	18,262,198.46		18,262,198.46
New Silo Construction	351,764,095.65		351,764,095.65	351,073,246.09		351,073,246.09
Shanghai Logistics Park	2,830,252,603.85		2,830,252,603.85	2,824,339,603.85		2,824,339,603.85
Logistics Industrial Park Phase II project	233,108,895.75		233,108,895.75	204,745,259.70		204,745,259.70
Port dredging project in Jingang Bay	2,948,411,867.41		2,948,411,867.41	2,690,143,752.68		2,690,143,752.68
Stacking in Ganyu port area	333,544,127.49		333,544,127.49	69,169,738.45		69,169,738.45
Wide gauge railway special line	28,354,995.00		28,354,995.00	28,354,995.00		28,354,995.00
Breakwater and Wharf Works in Qitai operation area	1,529,259,499.24		1,529,259,499.24	1,522,669,541.55		1,522,669,541.55
Relocation project of No.79 Navy Brigade	743,504,995.70		743,504,995.70	743,504,995.70		743,504,995.70
Auxiliary works of Haibin Avenue port area	428,172,174.42		428,172,174.42	428,172,174.42		428,172,174.42
Reconstruction project of passenger station -- international passenger station	407,742,069.05		407,742,069.05	395,932,031.73		395,932,031.73
Phase I project of container terminal in Dadi port area	266,787,523.92		266,787,523.92	499,135,723.92		499,135,723.92
Internal special railway project of liquid bulk cargo berth in Qitai operation area	414,280,141.33		414,280,141.33	410,376,652.13		410,376,652.13
Port support system	415,715,610.45		415,715,610.45	415,302,550.04		415,302,550.04
Xuwei east port area pipe gallery foundation project	172,127,660.51		172,127,660.51	171,880,591.51		171,880,591.51
Shanghai Logistics Park Railway loading and unloading station project	427,897,111.29		427,897,111.29	292,535,494.60		292,535,494.60
Berth project of Xuwei port area	1,317,823,912.86		1,317,823,912.86	1,021,510,786.72		1,021,510,786.72

Items	12/31/2021			1/1/2021		
	Cost	Impairment provision	Net value	Cost	Impairment provision	Net value
North port area freight yard project	497,351,813.02		497,351,813.02	497,351,813.02		497,351,813.02
East port area freight yard project	488,447,273.79		488,447,273.79	488,447,273.79		488,447,273.79
Land Formation in Dam Working Area	195,596,024.01		195,596,024.01	293,939,464.83		293,939,464.83
Renovation project of main port area	1,336,383,746.32		1,336,383,746.32	951,133,910.56		951,133,910.56
Lianyungang central freight station project	710,794,865.67		710,794,865.67	573,289,414.90		573,289,414.90
New Coast - xishuwan A10 building decoration project	63,347,017.52		63,347,017.52	45,731,776.94		45,731,776.94
Miaoling phase III pier	6,669,998.84		6,669,998.84	6,669,998.84		6,669,998.84
Sino Kazakhstan logistics station project	8,856,471.22		8,856,471.22	724,590.52		724,590.52
Others	266,975,005.89		266,975,005.89	383,518,725.68		383,518,725.68
Total	19,453,790,226.55		19,453,790,226.55	18,045,579,447.31		18,045,579,447.31

16.3 Main construction in progress

Name of project	1/1/2021	Increase	Decrease		12/31/2021
			Turn to fixed assets	Turn to Investment properties	
Yanwei Port Area project	445,181,274.83	38,047,819.69	279,380.54		482,949,713.98
New Gulf Pier construction	14,525,093.57	19,690,730.36			34,205,823.93
Xinsu Port Pier construction	282,044,722.90	30,368,233.24	3,221,239.00		309,191,717.14
Logistics land bridge bonded warehouse project	67,819,437.69	122,123.90			67,941,561.59
Special railway line for Middle Yantai Logistics Park	1,053,479,031.79	126,116,266.81			1,179,595,298.60
Xuwei Port Area Phase I project	765,573,431.11	58,843,362.96			824,416,794.07
Shanghai mortgage asset decoration project	24,092,490.04				24,092,490.04
Technical improvement project of 68# berths taking into account both passenger and roll functions	64,947,659.75	4,474,213.14			69,421,872.89
Renovation project of berth 33 in Lianyungang Port	18,262,198.46	543,235.65			18,805,434.11
New Silo Construction	351,073,246.09	690,849.56			351,764,095.65
Shanghai Logistics Park	2,824,339,603.85	5,913,000.00			2,830,252,603.85
Logistics Industrial Park Phase II project	204,745,259.70	28,363,636.05			233,108,895.75
Port dredging project in Jingang Bay	2,690,143,752.68	258,268,114.73			2,948,411,867.41
Stacking in Ganyu port area	69,169,738.45	367,408,762.87	103,034,373.83		333,544,127.49
Wide gauge railway special line	28,354,995.00				28,354,995.00
Breakwater and Wharf Works in Qitai operation area	1,522,609,541.55	6,589,967.69			1,529,259,499.24
Relocation project of No.79 Navy Brigade	743,504,995.70				743,504,995.70
Auxiliary works of Haibin Avenue port area	428,172,174.42				428,172,174.42
Reconstruction project of passenger station -- international passenger station	395,932,031.73	11,810,037.32			407,742,069.05
Phase I project of container terminal in Dadi port area	499,135,723.92			232,348,200.00	266,787,523.92
Internal special railway project of liquid bulk cargo berth in Qitai operation area	410,376,652.13	3,903,489.20			414,280,141.33
Port support system	415,302,550.04	413,060.41			415,715,610.45
Xuwei east port area pipe gallery foundation project	171,880,591.51	247,069.00			172,127,660.51

Name of project	1/1/2021	Increase	Decrease		12/31/2021
			Turn to fixed assets	Turn to Investment properties	
Shanghe Logistics Park Railway loading and unloading station project	292,535,494.60	135,361,616.69			427,897,111.29
Berth project of Xuwei port area	1,021,510,786.72	296,313,126.14			1,317,823,912.86
North port area freight yard project	497,351,813.02				497,351,813.02
East port area freight yard project	488,447,273.79				488,447,273.79
Land Formation in Dam Working Area	293,939,464.83			98,343,440.82	195,596,024.01
Renovation project of main port area	951,133,910.56	385,249,835.76			1,336,383,746.32
Lianyungang central freight station project	573,289,414.90	137,505,470.77			710,794,885.67
New Coast - xishuwan A10 building decoration project	45,731,776.94	17,615,240.58			63,347,017.52
Miaoling phase III pier	6,669,998.84				6,669,998.84
Sino Kazakhstan logistics station project	724,590.52	8,131,880.70			8,856,471.22
Others	383,518,725.68	97,838,006.87	97,838,006.87	96,543,719.79	286,975,005.89
Total	18,045,579,447.31	2,039,819,140.09	204,373,000.24	427,235,360.61	19,453,790,226.55

Note: Current capital of interest expenses was 442,718,599.95 yuan.

17. Right of use assets

Item	Buildings	Machinery and equipment	Other equipment	Total
I. Original book value of intangible assets				
1. Opening Balance	3,929,691,857.06	940,202.76	127,580,389.00	4,231,931,139.20
2. Increase in current period	118,898.67	73,002.62		26,286,134.86
(1) New lease		73,002.62		4,980,541.28
3. Decrease in current period	527,553,818.84			529,701,845.40
(1) Disposal				1,663,134.00
(2) Disposal of subsidiaries	527,553,818.84			528,038,711.40
(3) Other				
4. Closing Balance	3,402,256,936.89	1,013,205.38	127,580,389.00	3,728,515,428.66
II. Accumulated amortization of intangible assets				
1. Opening Balance	436,675,610.94	822,382.61	24,062,993.44	535,519,222.35
2. Increase in current period	74,776,549.10	28,532.56	2,781,999.72	98,528,132.67
(1) Provision	74,776,549.10	28,532.56	2,781,999.72	96,555,606.15
3. Decrease in current period	1,145,271.38			2,968,631.82
(1) Disposal				1,663,134.00
Closing Balance	510,306,888.66	850,915.17	26,844,993.16	631,078,723.20
III. Provision for fixed asset impairment				
IV. Net value of intangible assets				
Closing Book Value	2,891,950,048.23	162,290.21	100,735,395.84	3,097,436,705.46
Opening Book Value	3,493,016,246.12	117,820.15	103,517,395.56	3,696,411,916.85

18. Intangible asset

Item	Land use rights	patent right	Right to use sea areas	Software	Total
I. Original book value of intangible assets					
1. Opening Balance	3,402,256,936.89	1,013,205.38	127,580,389.00	197,664,897.39	3,728,515,428.66
2. Increase in current period	2,167,324,974.01			48,697,505.50	2,216,022,479.51
(1) External purchase				3,747,934.20	3,747,934.20
(2) Internal research and development					
(3) Business combination				2,308,910.52	2,308,910.52
(4) Other	2,167,324,974.01			42,640,660.78	2,209,965,634.79
3. Decrease in current period	2,415,808,498.31			9,525,390.48	2,425,333,888.79
(1) Disposal				9,525,390.48	9,525,390.48
(2) Business combination	1,119,045,186.00				1,119,045,186.00
(3) Other	1,296,763,312.31				1,296,763,312.31
4. Closing Balance	3,153,773,412.59	1,013,205.38	127,580,389.00	236,837,012.41	3,519,204,019.38
II. Accumulated amortization of intangible assets					
1. Opening Balance	510,306,888.66	850,915.17	26,844,993.16	93,075,926.21	631,078,723.20
2. Increase in current period	84,207,956.12	101,320.54	2,781,999.84	24,806,585.62	111,897,862.32
(1) Provision	84,207,956.12	101,320.54	2,781,999.84	24,521,655.79	111,612,932.29
(2) Business combination				284,930.03	284,930.03
(3) Other					
3. Decrease in current period	423,557,139.35			4,734,742.40	428,291,881.75
(1) Disposal				4,734,742.40	4,734,742.40
(2) Business combination	182,223,568.28				182,223,568.28
(3) Other	241,333,571.07				241,333,571.07
Closing Balance	170,957,705.43	952,235.71	29,626,993.00	113,147,769.63	314,684,703.77
III. Provision for fixed asset impairment					
IV. Net value of intangible assets					
Closing Book Value	2,982,815,707.16	60,969.67	97,953,396.00	123,689,242.78	3,204,519,315.61
Opening Book Value	2,891,950,048.23	162,290.21	100,735,395.84	104,588,971.18	3,097,436,705.46

Note: (1) Other increase in the current period including: the government injected capital to increase the land use right by 211,342,915.00 yuan, the construction in progress was transferred into the land use right by 53,903,059.01 yuan, and the construction in progress was transferred into the software by 42,640,660.78 yuan. (2) Other decreases in the current period including: the government recovered land, reduced the original value of land use right by 1,296,763,312.31 yuan and reduced the accumulated amortization by 241,333,571.07 yuan.

19. Long-term prepaid assets

Item	1/1/2021	Increase	Decrease		12/31/2021
			Amortization	Others	
67-69# Berth upgrade and transformation fee	14,965,810.60		5,282,050.80		9,683,759.80
Renovation costs for office or rental housing	3,870,051.92		719,938.43		3,150,113.49
New Oriental Wharf Maintenance Cost	4,643,812.82	224,064.30	1,833,962.01		3,033,915.11
Transfer fee of three supply and one industry of Lianyungang Lianyung District Finance Bureau	29,250,000.00	40,000,000.00	4,000,000.00		65,250,000.00
Dredging and maintenance project of naval wharf basin and berth	22,015,127.36		2,201,512.74		19,813,614.62
Dredging project of Xinsu port wharf	55,028,800.98		4,653,678.30		50,375,122.68
rent for parking spaces	2,368,729.24		1,345,970.01		1,022,759.23
Reconstruction project of Hou Gong building	381,637.90	518,865.92	457,224.01		443,279.81
Overhaul of Dual-purpose Machine in Dongliang Wharf	2,717,601.65		926,484.16		1,791,117.49
Maintenance and Renovation Project for Material and Goods Yard	409,523.72	345,673.81	95,383.84		659,813.69
Land bridge new warehouse relocation project	10,441,854.11		574,731.72		9,867,122.39
Rent of New Oriental facade crane	116,666.41		116,666.41		
Dredging cost	31,362,747.52		11,382,668.46		19,980,079.06
Land maintenance cost		3,695,289.80	339,495.64		3,355,794.16
Others	3,070,994.48	5,688,347.89	1,573,201.60		7,186,140.77
Total	180,643,358.71	50,472,241.72	35,502,968.13		195,612,632.30

20. Deferred income tax assets

20.1 Details of recognized deferred income tax assets

Items	12/31/2021		1/1/2021	
	Temporary differences	Deferred income tax assets	Temporary differences	Deferred income tax assets
Bad debt provision	608,650,153.38	152,162,538.35	574,463,748.00	143,017,217.55
Education funds	1,232,552.18	308,138.05	970,705.38	145,605.81
Provision for long-term equity investment write-down	3,104,949.52	776,237.38	3,104,949.52	776,237.38
Interest of government appropriations being replaced by loans	31,050,000.00	7,762,500.00	32,200,000.00	8,050,000.00
Deferred income	28,663,229.05	7,165,807.26	33,087,883.88	8,271,970.97
Deductible losses	172,426,817.76	43,106,704.44	276,240,730.28	69,060,182.57
Long-term employee benefits payable	21,706,587.23	5,426,646.81	23,464,954.73	5,866,238.69
Provision for inventory write-down	8,421,836.85	2,105,459.21	8,320,000.00	2,080,000.00
Medical care for the only child	88,324,872.39	22,081,218.10	73,782,888.73	18,445,722.18
Counterbalance of consolidated income	101,856,157.60	25,464,039.4	110,226,685.08	27,556,671.27
Provision for impairment of credit commitment	245,000.00	61,250.00	505,460.00	126,365.00

Items	12/31/2021		1/1/2021	
	Temporary differences	Deferred income tax assets	Temporary differences	Deferred income tax assets
Lease liabilities	62,268,788.63	15,567,197.16	49,017,207.48	12,254,301.87
Employee benefits payable	1,634,534.59	396,574.17		
Total	1,129,585,479.18	282,384,310.33	1,185,385,213.08	295,650,513.29

20.2 Details of recognized deferred income tax liabilities

Items	12/31/2021		1/1/2021	
	Temporary differences	Deferred income tax liabilities	Temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instrument	25,418,866.12	6,354,716.52	21,784,090.06	5,446,022.50
The difference between fixed assets depreciation and tax law depreciation	17,963,834.40	4,490,958.60	736,947.70	184,236.93
Total	43,382,700.52	10,845,675.12	22,521,037.70	5,630,259.43

21. Other non-current assets

Items	12/31/2021	1/1/2021
Advance payment for real estate of Dongtai Donghu Science and Technology City	315,438,275.22	315,438,275.22
Margin for financial leasing	10,095,283.38	10,331,526.66
Advance payment for project	203,539.82	1,079,412.00
Total	325,737,098.42	326,849,213.88

22. Short-term loan

22.1 Categories of short-term loans

Items	12/31/2021	1/1/2021
Credit loans	6,047,540,462.78	5,128,251,266.06
Mortgage loan	116,290,000.00	140,000,000.00
Guaranteed loans	2,056,434,316.82	1,541,500,000.00
Pledge loan	10,000,000.00	
Accrued interest	42,270,796.64	37,389,526.95
Total	8,272,535,576.24	6,847,140,793.01

22.2 There are no short-term loans overdue in this year.

23. Notes payable

Category	12/31/2021	1/1/2021
Bank acceptances	876,203,930.21	465,148,427.20
Commercial acceptance bill	390,000,000.00	230,000,000.00
Domestic letter of credit		148,000,000.00
Total	1,266,203,930.21	843,148,427.20

24. Accounts payable

24.1 Aging presentation of accounts payable

Aging	12/31/2021		1/1/2021	
	Amount	%	Amount	%
Within 1 year	698,945,869.53	44.15	678,707,440.79	47.87
1-2 year	456,285,130.94	28.82	468,433,850.67	33.04
2-3 year	190,100,542.54	12.01	46,557,534.84	3.28
Over 3 year	237,686,262.42	15.02	224,253,121.11	15.82

Aging	12/31/2021		1/1/2021	
	Amount	%	Amount	%
Total	1,583,017,805.43	100.00	1,417,951,947.41	100.00

24.2 Top five entities with the largest balances of accounts payable

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)
GERALD METALS SARL	Non related party	125,389,171.91	1-2 year	7.92
BRIGHT POINT TRADING PTE LTD	Non related party	101,033,740.50	1-2 year	6.38
Hongkong Kunhong Resources Co., Limited	Non related party	100,320,074.65	Within 1 year 56,042,894.79; 1-2 year 44,277,179.86	6.34
Lianyungang Golden Orient Port Investment Co., Ltd.	Non related party	64,740,000.00	Within 1 year	4.09
CCCC Shanghai Waterway Survey and Design Institute Co., Ltd	Non related party	58,552,823.97	Within 1 year	3.70
Total		450,035,811.03		28.43

25. Contract liabilities

25.1 Presentation of receipts in advance

Category	12/31/2021	1/1/2021
Receipts in advance	310,942,334.69	297,155,455.60
Total	310,942,334.69	297,155,455.60

25.2 At the end of the period, the company has no important contract liabilities with an account age of more than one year.

26. Employee benefits payable

26.1 General situation

Items	1/1/2021	Increase	Decrease	12/31/2021
Short-term employee benefits	93,616,399.50	1,163,121,739.35	1,159,090,926.21	97,647,212.64
Post-employment benefits		253,373,359.42	253,315,471.81	57,887.61
Termination benefits				
Other benefits due in 1 year				
Total	93,616,399.50	1,416,495,098.77	1,412,406,398.02	97,705,100.25

26.2 Short-term employee benefits

Item	1/1/2021	Increase	Decrease	12/31/2021
Wages, bonuses, allowances and subsidies	34,115,121.29	851,120,883.82	854,606,753.06	30,629,252.05
Employees' welfare		107,766,648.41	107,606,252.67	160,395.74
Social insurance premiums		95,325,021.41	94,663,289.41	661,732.00
including: Medical insurance premium		76,078,811.81	75,586,780.74	492,031.07
Work-related injury insurance premium		9,397,814.78	9,272,120.42	125,694.36
Maternity insurance premium		9,848,394.82	9,804,388.25	44,006.57
Housing funds	927,113.59	48,566,718.37	48,967,528.58	526,303.38
Trade union expenditures and employee education funds	58,572,996.42	60,342,467.34	53,245,934.29	65,669,529.47

Short-term paid absences	1,168.20		1,168.20	
Short-term paid absences profit-sharing plan				
Other short-term employee benefits				
Total	93,616,399.50	1,163,121,739.35	1,159,090,926.21	97,647,212.64

26.3 Defined contribution plans

Defined contribution plans item	1/1/2021	Increase	Decrease	12/31/2021
Basic endowment insurance premium		182,304,328.85	182,248,422.27	55,906.58
Unemployment insurance premium		3,791,696.90	3,789,715.87	1,981.03
Payment of annuity		54,093,984.67	54,093,984.67	
Allowance for retired personnel		13,183,349.00	13,183,349.00	
Total		253,373,359.42	253,315,471.81	57,887.61

27. Taxes and dues payable

Items	12/31/2021	1/1/2021
Value added tax	16,989,666.81	12,510,776.90
City construction tax	1,163,707.43	1,222,041.79
Education fee additional tax	511,708.40	642,909.82
Local education fee additional tax	289,720.34	316,012.32
Increment tax on land value	40,053.14	
Land use tax	1,164,214.93	355,454.94
Urban real estate tax	3,178,239.25	1,682,889.84
Income tax	80,033,572.93	66,361,604.28
Stamp tax	439,163.25	1,142,294.96
Individual income tax	1,621,180.19	2,469,076.38
Port security fee , etc.	45,929,381.56	13,734,486.18
Total	151,360,608.23	100,437,547.41

28. Other payables

28.1 Category

Items	12/31/2021	1/1/2021
Interests payable		
Dividends payable	10,170,000.00	7,450,000.00
Other payables	573,257,049.70	436,481,092.57
Total	583,427,049.70	443,931,092.57

28.2 Dividends payable

Major Investor Name	12/31/2021	1/1/2021
Jiangsu shagang Group Co Ltd	800,000.00	500,000.00
Wanbang Industrial Port Development Management Co., Ltd	3,120,000.00	1,950,000.00
Korea Xingya Shipping Co., Ltd	6,250,000.00	5,000,000.00
Total	10,170,000.00	7,450,000.00

28.3 Other payables

a) Aging presentation of other payables

Aging	12/31/2021		1/1/2021	
	Amount	%	Amount	%
Within 1 year	420,009,370.31	73.27	195,872,411.45	44.88
1-2 year	53,048,442.50	9.25	93,803,689.57	21.49
2-3 year	53,674,178.84	9.36	86,316,210.74	19.78
Over 3 year	46,525,058.05	8.12	60,488,780.81	13.85
Total	573,257,049.70	100.00	436,481,092.57	100.00

b) Classification of other receivables by nature

Nature of payment	12/31/2021	1/1/2021
Security deposit	91,092,994.20	137,320,638.15
Third party payment	102,056,443.51	85,395,587.67
Medical co-ordination fund	88,324,872.39	73,782,888.73
Other payables	257,482,739.60	139,981,978.02
Loan	34,300,000.00	
Total	573,257,049.70	436,481,092.57

c) Top five entities with the largest balances of other payables

Company name	Relationship with the Company	Amount	Aging	Proportion in the total (%)	Business content
Lianyungang Port holding group Guanyun Co., Ltd	Related party	116,482,739.60	Within 1 year	20.32	Payment for other
Medical co-ordination fund	Non related party	88,919,789.31	Within 1 year 18,015,898.94, 1-2 year 12,962,363.99, 2-3 year 13,168,620.11, over 3 year 44,772,906.27	15.51	Medical co-ordination fund
Shanghai Junzheng Logistics Co., Ltd	Non related party	34,300,000.00	Within 1 year	5.98	loan
Container route subsidy	Non related party	26,464,364.74	Within 1 year	4.62	Payment of subsidies
Shanghai Cooperation Organization (Lianyungang) International Logistics Park Management Committee	Non related party	20,000,000.00	Within 1 year	3.49	bond
Total		286,166,893.65		49.92	

29. Non-current liabilities due within one year

Item	12/31/2021	1/1/2021
Long-term loans due within one year	1,731,365,062.41	1,435,384,192.42
Bond payable due within one year	6,987,267,032.01	4,695,760,414.24
Long-term payable due within one year	624,231,340.26	31,499,866.26
Accrued interest	113,396,018.21	90,871,009.23
Total	9,456,259,452.89	6,253,515,482.15

30. Other current liabilities

Items	12/31/2021	1/1/2021
Output tax to be transferred	31,929,585.48	32,627,669.03
Short-term financing bonds	1,600,000,000.00	2,200,000,000.00
Endorsed negotiable instruments not derecognized	75,010,070.66	76,861,234.23
Accrued interest	45,493,150.68	45,785,859.57
Total	1,752,432,806.82	2,355,274,762.83

31. Long-term loan

Items	12/31/2021	1/1/2021
Credit loans	4,739,918,887.30	3,433,023,408.40
Mortgage loan	2,890,074,791.73	2,413,763,339.57
Guaranteed loans	1,910,904,782.37	1,957,910,653.20
Accrued interest	23,516,622.64	38,787,188.65
Total	9,564,415,084.04	7,843,484,589.82

32. Bonds payable**32.1 Bonds payable exhibit by item**

Items	12/31/2021	1/1/2021
Construction bank 18 Lianyungang PPN001		699,832,441.34
Agricultural Bank 18 Lianyungang MTN001	497,193,906.06	496,563,990.35
Bank of Jiangsu 18 Lianyungang PPN002		499,640,434.06
PSBC 18 Lianyungang PPN003		499,623,046.19
Donghai Securities Private Issuance Company Bond 18 Yungang 01		1,000,000,000.00
Agricultural Bank 18 Lianyungang MTN003		499,272,855.49
Bank of Communications 18 Lianyungang MTN002		998,471,113.00
Bank of Nanjing 18 Lianyungang PPN004		498,920,524.16
Bank of Ningbo 19 Lianyungang PPN001	499,600,255.34	498,423,841.90
China Everbright Bank 19 Lianyungang PPN002	499,583,537.80	499,104,764.34
Agricultural Bank 19 Lianyungang PPN003	498,662,868.35	497,271,204.39
PSBC 19 Lianyungang PPN004	499,204,035.29	498,446,314.49
China Merchants Bank 19 Lianyungang MTN001	894,659,946.53	892,394,192.01
Bank of Communications 19 Lianyungang MTN002	800,000,000.00	800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	496,505,999.51	495,274,663.86
Bank of Communications 19 Lianyungang MTN004	700,000,000.00	700,000,000.00
Non public issuance of corporate bonds 19 Lianyungang 01	999,025,326.71	997,425,350.27
20 Lianyungang PPN001	498,683,505.41	497,489,426.66
20 Lianyungang PPN002	499,545,933.07	499,048,365.59
20 Yungang 01	998,160,513.02	996,601,968.32
20 Lianyungang PPN003	498,050,796.48	496,657,049.60
20 Lianyungang PPN004	499,297,003.50	498,813,610.26
20 Lianyungang PPN006	199,206,605.08	198,593,487.25

Items	12/31/2021	1/1/2021
20 Lianyungang PPN007	497,498,049.41	495,688,769.73
20 Lianyungang MTN001	696,320,169.12	694,897,511.17
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)	994,902,000.00	994,902,000.00
21 Lianyungang PPN002	498,953,677.52	
21 Lianyungang PPN001	299,784,000.00	
21 Lianyungang MTN001	300,000,000.00	
19 Lianyungang Port MTN001	449,472,217.61	464,551,236.46
US \$400 million oversea foreign debt	2,546,816,790.91	2,601,784,189.18
Accrued interest	452,229,801.00	565,204,007.07
Less: bonds payable due within one year	6,987,267,032.01	4,695,760,414.24
Accrued interest on bonds due and payable within one year	111,204,700.99	81,301,001.77
Total	9,214,885,204.72	15,297,834,941.13

30.2 Changes in bonds payable

Name of Bond	Nominal Value	Issuance date	Bond Terms	Issuance Amount
Construction bank 18 Lianyungang PPN001	700,000,000.00	2018-1-25	2021-1-25	700,000,000.00
Agricultural Bank 18 Lianyungang MTN001	500,000,000.00	2018-2-28	2023-2-28	500,000,000.00
Bank of Jiangsu 18 Lianyungang PPN002	500,000,000.00	2018-3-16	2021-3-16	500,000,000.00
PSBC 18 Lianyungang PPN003	500,000,000.00	2018-3-27	2021-3-27	500,000,000.00
Donghai Securities Private Issuance Company Bond 18 Yungang 01	1,000,000,000.00	2018-4-26	2021-4-26	1,000,000,000.00
Agricultural Bank 18 Lianyungang MTN003	500,000,000.00	2018-6-15	2021-6-15	500,000,000.00
Bank of Communications 18 Lianyungang MTN002	1,000,000,000.00	2018-6-8	2021-6-8	1,000,000,000.00
Bank of Nanjing 18 Lianyungang PPN004	500,000,000.00	2018-9-27	2021-9-27	500,000,000.00
Bank of Ningbo 19 Lianyungang PPN001	500,000,000.00	2019-4-26	2022-4-26	500,000,000.00
China Everbright Bank 19 Lianyungang PPN002	500,000,000.00	2019-10-25	2022-10-25	500,000,000.00
Agricultural Bank 19 Lianyungang PPN003	500,000,000.00	2019-11-26	2022-11-26	500,000,000.00
PSBC 19 Lianyungang PPN004	500,000,000.00	2019-12-10	2022-12-10	500,000,000.00
China Merchants Bank 19 Lianyungang MTN001	900,000,000.00	2019-2-22	2024-2-22	900,000,000.00
Bank of Communications 19 Lianyungang MTN002	800,000,000.00	2019-7-5	2024-7-5	800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	500,000,000.00	2019-7-30	2024-7-30	500,000,000.00
Bank of Communications 19 Lianyungang MTN004	700,000,000.00	2019-8-23	2024-8-23	700,000,000.00
Non public issuance of corporate bonds 19 Lianyungang 01	1,000,000,000.00	2019-8-2	2022-8-2	1,000,000,000.00
20 Lianyungang PPN001	500,000,000.00	2020-1-7	2023-1-5	500,000,000.00
20 Lianyungang PPN002	500,000,000.00	2020-1-16	2023-1-16	500,000,000.00
20 Yungang 01	1,000,000,000.00	2020-2-13	2023-2-13	1,000,000,000.00
20 Lianyungang PPN003	500,000,000.00	2020-4-30	2023-4-30	500,000,000.00

Name of Bond	Nominal Value	Issuance date	Bond Terms	Issuance Amount
20 Lianyungang PPN004	500,000,000.00	2020-7-8	2023-7-8	500,000,000.00
20 Lianyungang PPN006	200,000,000.00	2020-8-3	2023-8-3	200,000,000.00
20 Lianyungang PPN007	500,000,000.00	2020-11-12	2023-11-10	500,000,000.00
20 Lianyungang MTN001	700,000,000.00	2020-10-9	2023-10-9	700,000,000.00
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)	994,902,000.00	2020-8-4	2022-8-4	994,902,000.00
21 Lianyungang PPN002	500,000,000.00	2021-6-23	2023-6-23	500,000,000.00
21 Lianyungang PPN001	300,000,000.00	2021-2-4	2022-2-4	300,000,000.00
21 Lianyungang MTN001	300,000,000.00	2021-5-28	2023-5-28	300,000,000.00
19 Lianyungang Port MTN001	450,000,000.00	2019-4-23	2022-4-23	450,000,000.00
US \$400 million oversea foreign debt	2,609,960,000.00	2019-9-29	2022-9-29	2,609,960,000.00
Total	20,654,862,000.00			20,654,862,000.00

(Continued)

Name of Bond	1/1/2021	Increase	Decrease	12/31/2021
Construction bank 18 Lianyungang PPN001	699,832,441.34	167,558.66	700,000,000.00	-
Agricultural Bank 18 Lianyungang MTN001	496,563,990.35	629,915.71		497,193,906.06
Bank of Jiangsu 18 Lianyungang PPN002	499,640,434.06	359,565.94	500,000,000.00	-
PSBC 18 Lianyungang PPN003	499,623,046.19	376,953.81	500,000,000.00	-
Donghai Securities Private Issuance Company Bond 18 Yungang 01	1,000,000,000.00	-	1,000,000,000.00	-
Agricultural Bank 18 Lianyungang MTN003	499,272,855.49	727,144.51	500,000,000.00	-
Bank of Communications 18 Lianyungang MTN002	996,471,113.00	1,528,887.00	1,000,000,000.00	-
Bank of Nanjing 18 Lianyungang PPN004	498,920,524.16	1,079,475.84	500,000,000.00	-
Bank of Ningbo 19 Lianyungang PPN001	498,423,841.90	1,176,413.44		499,600,255.34
China Everbright Bank 19 Lianyungang PPN002	499,104,764.34	478,773.46		499,583,537.80
Agricultural Bank 19 Lianyungang PPN003	497,271,204.39	1,391,663.96		498,662,868.35
PSBC 19 Lianyungang PPN004	498,446,314.49	757,720.80		499,204,035.29
China Merchants Bank 19 Lianyungang MTN001	892,394,192.01	2,265,754.52		894,659,946.53
Bank of Communications 19 Lianyungang MTN002	800,000,000.00	-		800,000,000.00
China Merchants Bank 19 Lianyungang MTN003	495,274,663.86	1,231,335.65		496,505,999.51
Bank of Communications 19 Lianyungang MTN004	700,000,000.00	-		700,000,000.00
Non public issuance of corporate bonds 19 Lianyungang 01	997,425,350.27	1,599,976.44		999,025,326.71
20 Lianyungang PPN001	497,489,426.66	1,194,078.75		498,683,505.41
20 Lianyungang PPN002	499,048,365.59	497,567.48		499,545,933.07
20 Yungang 01	996,601,968.32	1,558,544.70		998,160,513.02
20 Lianyungang PPN003	496,657,049.60	1,393,746.88		498,050,796.48
20 Lianyungang PPN004	498,813,610.26	483,393.24		499,297,003.50
20 Lianyungang PPN006	198,593,487.25	613,117.83		199,206,605.08
20 Lianyungang PPN007	495,688,769.73	1,809,279.68		497,498,049.41

Name of Bond	1/1/2021	Increase	Decrease	12/31/2021
20 Lianyungang MTN001	694,697,511.17	1,422,657.95		696,320,169.12
17 Lianyungang's 1 billion debt raising fund (to be renewed on August 4, 2020)	994,902,000.00	-		994,902,000.00
21 Lianyungang PPN002		498,953,677.52		498,953,677.52
21 Lianyungang PPN001		299,784,000.00		299,784,000.00
21 Lianyungang MTN001		300,000,000.00		300,000,000.00
19 Lianyungang Port MTN001	464,551,236.46		15,079,018.85	449,472,217.61
US \$400 million oversea foreign debt	2,601,784,189.18		54,967,398.27	2,546,816,790.91
Accrued interest	565,204,007.07		112,974,206.07	452,229,801.00
Less: bonds payable due within one year	4,695,760,414.24	2,291,506,617.77		6,987,267,032.01
Accrued interest on bonds due and payable within one year	81,301,001.77	29,903,699.22		111,204,700.99
Total	15,297,834,941.13	-1,199,929,113.22	4,883,020,623.19	9,214,885,204.72

33. Lease liabilities

Items	1/1/2021	Increase	Decrease	12/31/2021
Lease payments	37,005,118.01	118,333,269.25	9,100,932.16	146,237,455.10
Less: Unconfirmed financing costs	2,094,629.32	11,630,578.54	386,493.53	13,338,714.33
Total	34,910,488.69	106,702,690.71	8,714,438.63	132,898,740.77

34. Long-term payable

34.1 Category

Items	12/31/2021	1/1/2021
Long-term payable	3,982,008,878.59	1,547,681,660.89
Long-term employee benefits payable	21,706,587.23	23,464,954.73
Special payable	505,903,150.94	437,934,752.80
Total	4,509,618,616.76	2,009,081,368.42

34.2 Long-term payable

Items	12/31/2021	1/1/2021
Finance lease payable	4,166,690,367.45	1,681,361,693.66
Less: Unconfirmed financing costs	184,681,488.86	133,680,032.77
Total	3,982,008,878.59	1,547,681,660.89

34.3 Long-term employee benefits payable

Items	12/31/2021	1/1/2021
Post-employment benefits-defined benefit plan net liabilities	21,706,587.23	23,464,954.73
Total	21,706,587.23	23,464,954.73

34.4 Special payable

Items	1/1/2021	Increase	Decrease	12/31/2021
The government appropriated funds for the construction of the project	14,775,951.77			14,775,951.77
Lianyungang frontier inspection station command center	20,000,000.00			20,000,000.00

Items	1/1/2021	Increase	Decrease	12/31/2021
Subsidy for shore power project of berth 69 Wharf	3,090,000.00		3,090,000.00	
Qitai operating area- Construction Funds of Special Railway Project in Liquid Bulk Berth	8,500,000.00			8,500,000.00
Lianyungang International Trade Single Window Subsidy Fund 2018	3,590,000.00			3,590,000.00
Subsidies for the Construction of Integrated Information Platform for Port Video Supervision	2,410,000.00			2,410,000.00
Subsidy for the improvement of the project construction of South shugang highway	46,600,000.00			46,600,000.00
Port road transportation management system	4,500,000.00			4,500,000.00
Interchange improvement project of South shugang highway	5,000,000.00			5,000,000.00
Subsidies for the Construction of dust online monitoring system subsidizes the construction of Ecological Port	1,500,000.00			1,500,000.00
Maintenance fund of Port Road	32,000,000.00			32,000,000.00
Special fund for entrance channel project of liquid bulk cargo berth area in Xuwei port area of Lianyungang Port	24,820,000.00			24,820,000.00
Return of sea area use fee for Lianyungang South Port highway improvement project	63,000,000.00			63,000,000.00
Land formation of port support system in Lianyungang district and funds for public supporting projects	19,280,000.00			19,280,000.00
Special fund for harbor channel maintenance dredging project	77,410,000.00			77,410,000.00
Shanghai Cooperation Organization (Lianyungang) International Logistics Park Railway loading and unloading station project		58,000,000.00		58,000,000.00
Nanshugang highway improvement project		6,460,000.00		6,460,000.00
Compensation collected by Lianyungang District housing levy Bureau	3,290,800.00			3,290,800.00
Special funds for dredging and maintenance	1,388,001.03		1,601.86	1,386,399.17
Special funds for belt conveyer system	10,780,000.00			10,780,000.00
Special railway project shaoxianghe super large bridge project	46,000,000.00			46,000,000.00
Special Subsidy from the Ministry of Communications	50,000,000.00			50,000,000.00
Foreign trade public service platform construction funds		1,000,000.00		1,000,000.00
Integrated logistics project (phase II)		4,000,000.00		4,000,000.00
Promote steady growth of foreign trade and adjust structure		1,600,000.00		1,600,000.00
Total	437,934,752.80	71,060,000.00	3,091,601.86	505,903,150.94

35. Provisions

Items	1/1/2021	Increase	Decrease	12/31/2021	Forming reason
Shanghai Guarantee Corporation - provision of the guarantee compensation	6,286,640.85	1,777,400.00		8,064,040.85	reserve
Shanghai Guarantee Corporation - provision of immature liability	1,115,857.13		189,104.80	926,752.33	reserve
Suqian Traffic Logistic - compensation	853,276.34			853,276.34	
Provision for impairment of credit commitment	505,460.00		260,460.00	245,000.00	
Total	8,761,234.32	1,777,400.00	449,564.80	10,089,069.52	

Note: The provision for impairment of credit commitment refers to the bank draft accepted by the subsidiary financial company as the acceptor. As of December 31, 2021, the balance of off balance sheet business is RMB 9,800,000.00, and the provision for impairment of credit commitment is calculated according to 2.5% of the provision for impairment of credit commitment of the financial company.

36. Deferred Incomes

Items	1/1/2021	Increase	Decrease	12/31/2021
Government subsidy	38,121,033.91		4,424,654.83	33,696,379.08
Total	38,121,033.91		4,424,654.83	33,696,379.08

Note: Details of government grants are shown in Notes V-63. Government grants.

37. Paid-in capital

Items	1/1/2021		Increase	Decrease	12/31/2021	
	Amount	%			Amount	%
Lianyungang port Holding Group Co., Ltd.	7,000,000,000.00	89.51			7,000,000,000.00	89.51
Guo Kai Development Fund Co., Ltd.	820,000,000.00	10.49			820,000,000.00	10.49
Total	7,820,000,000.00	100.00			7,820,000,000.00	100.00

38. Other equity instruments

Items	1/1/2021	Increase	Decrease	12/31/2021
Perpetual capital securities	1,289,400,000.00	677,100,000.00	800,000,000.00	1,166,500,000.00
Total	1,289,400,000.00	677,100,000.00	800,000,000.00	1,166,500,000.00

39. Capital surplus

Items	12/31/2021	Increase	Decrease	12/31/2021
Ministry of communication return the port construction fees and pay the construction capital	1,051,144,343.25			1,051,144,343.25
State owned assets supervision and Administration Commission of Lianyungang transfer Gold Harbor company	517,226,185.29			517,226,185.29
Other capital surplus	970,693,548.04	2,172,577,769.04	1,304,612,761.28	1,838,658,555.80
total	2,539,064,076.58	2,172,577,769.04	1,304,612,761.28	3,407,029,084.34

Note :

Capital surplus changes in the current period:

(1) The SASAC injected land assets to increase the capital reserve by 2,113,421,915.00 yuan; (2) The

capital reserve increased by 57,762,864.19 yuan due to the change in the proportion of minority shareholders of subsidiaries; (3) Other factors increased the capital reserve by 1,392,989.85 yuan; (4) Government allocated assets reduced capital reserve by 1,285,507,352.15 yuan; (5) Lianyungang Public Security Bureau was changed into an administrative unit and transferred out assets, reducing capital reserve by 19,105,409.13 yuan.

40. Other Comprehensive Incomes

Item	Opening Balance	Current Period					Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit and loss	16,338,067.56	3,634,776.05		908,694.01	2,726,082.04		19,064,149.60
Include: Recalculate the defined benefit plan liabilities and net change in net assets							
Share of profit or loss that under the equity method investees cannot reclassify into other profit and loss							
Changes in fair value of other equity instrument investments	16,338,067.56	3,634,776.05		908,694.01	2,726,082.04		19,064,149.60
2. Other consolidate incomes that will be reclassified into profit and loss	-81,184,612.43	36,253,676.54			36,253,676.54		-44,930,935.89
Include: share of profit or loss that under the equity method investees will reclassify into profit and loss	7,516,842.10	-1,500,561.79			-1,500,561.79		6,016,280.31
Changes in fair value of other debt investments							
Provision for credit impairment of other debt investments							
Effective part of profit and loss of cash flow hedging							
Difference from conversion of	-88,701,454.53	37,754,238.33			37,754,238.33		-50,947,216.20

Item	Opening Balance	Current Period					Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
financial statements in foreign currency							
Others							
Other comprehensive Income Total	-64,846,544.87	39,888,452.59		908,694.01	38,979,758.58		-25,866,786.29

41. Special reserves

Items	1/1/2021	Increase	Decrease	12/31/2021
Safe production cost	146,893.99		64,716.61	82,177.38
total	146,893.99		64,716.61	82,177.38

42. Surplus reserve

Items	1/1/2021	Increase	Decrease	12/31/2021
Statutory accumulation reserve	7,610,257.91			7,610,257.91
total	7,610,257.91			7,610,257.91

43. General risk preparedness

Items	1/1/2021	Increase	Decrease	12/31/2021	Reasons for change
General risk preparedness	29,169,577.24			29,169,577.24	
total	29,169,577.24			29,169,577.24	

44. Undistributed profit

Items	2020	2019
Beginning balance before adjustment	134,152,316.99	91,474,003.66
Adjustment for beginning balance(increase+,decrease-)		
Beginning balance after adjustment	134,152,316.99	91,474,003.66
Plus: net profit attributable to owners of the parent company for the current period	60,374,223.15	57,678,313.33
Less: Withdrawal of statutory surplus reserves		
Withdrawal of general risk preparedness		
Turn over the income from State-owned Assets	18,000,000.00	15,000,000.00
Ending balance	176,526,540.14	134,152,316.99

45. Operating revenue

45.1 Sales and other operating income

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Revenue	Cost	Revenue	Cost
Main operations	13,790,357,145.31	12,243,190,705.02	12,950,055,942.02	11,809,826,064.14
Other operations	873,125,020.13	642,747,906.53	822,203,233.08	581,065,002.82
Total	14,663,482,165.44	12,885,938,611.55	13,772,259,175.10	12,390,891,066.96

45.2 Main operations (disclosure by branch line of business)

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Loading and unloading income	3,006,591,975.17	2,151,566,452.23	2,711,572,849.18	2,003,548,613.63
Stockpiling income	269,078,136.17	204,928,852.05	256,069,790.80	200,037,268.35
Management revenue	406,724,547.49	340,821,071.36	336,698,080.67	286,056,073.04
Sales revenue	8,008,887,250.20	7,858,463,524.23	7,763,626,640.17	7,686,598,256.78
Engineering Income	2,032,768,691.28	1,657,067,717.57	1,842,877,862.51	1,605,594,873.06
Other	66,306,545.00	30,343,087.58	39,210,718.69	27,990,979.28
Total	13,790,357,145.31	12,243,190,705.02	12,950,055,942.02	11,809,826,064.14

45.3 Other operations

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Ship rental income	20,816,058.10	8,008,835.57	45,912,428.58	11,460,896.56
Rental income from other assets	84,487,363.57	14,443,092.89	73,615,267.84	10,991,031.90
Tally income	42,192,373.08	23,325,182.18	38,413,540.59	18,131,105.36
Agency income	513,143,245.76	449,872,683.56	470,773,619.96	414,113,686.95
Real estate income	75,967,043.50	60,642,153.73	71,002,339.42	52,413,021.14
Communication income	58,530,947.42	40,215,841.41	32,845,745.26	20,100,334.50
Supply income	31,017,580.93	25,673,039.52	9,812,190.30	8,377,715.08
Others	46,970,407.77	20,567,077.67	79,828,101.13	45,477,211.33
Total	873,125,020.13	642,747,906.53	822,203,233.08	581,065,002.82

46. Taxes and surcharge

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
City construction tax	9,206,540.84	6,260,212.05
Education fee additional tax	3,293,532.51	2,727,270.69
Local education fee additional tax	2,239,757.37	1,869,932.69
Urban real estate tax	9,810,980.25	7,698,299.04
Land use tax	17,586,012.81	10,796,770.48
Vehicle and vessel usage tax	375,286.64	418,301.01
Stamp tax	6,446,143.28	11,145,946.55
Increment tax on land value	14,879,940.12	19,613,785.39
Others	1,199,877.96	1,140,956.74
Total	65,038,071.78	61,671,474.64

47. Selling and distribution expenses

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Staff salary	2,703,643.63	3,185,572.39
Office expenses	122,798.55	51,898.76
Business entertainment	552,904.86	550,634.82
Travel expenses	604,526.91	652,288.19
Fuel	94,719.50	110,526.77
Post and Telecommunications fee	50,292.15	44,771.48

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Repair cost	48,751.92	70,811.07
Property management fee	199,890.00	
Others	106,473.32	136,700.81
Total	4,484,000.84	4,803,204.29

48. Administrative expenses

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Staff salary	544,238,608.01	526,447,970.42
Depreciation charge	114,087,308.03	112,816,749.31
Repair cost	16,371,039.59	37,606,217.13
Water and electricity	17,186,041.57	22,374,703.94
Business entertainment	20,683,696.38	18,443,648.50
Labor service fee	25,298,135.20	25,475,169.60
Office expenses	31,902,843.38	21,278,631.87
Travel expenses	12,843,239.70	13,618,264.73
Consulting fees	31,831,592.69	30,624,380.26
Insurance premium	9,268,786.47	9,107,451.63
Long-term prepaid expenses	8,842,290.79	8,217,742.37
Rental fee	13,549,121.63	8,285,198.45
Fuel	2,993,449.44	4,246,744.49
Material	1,685,298.97	10,456,910.92
Post and Telecommunications fee	7,514,437.92	9,048,847.53
Amortization of intangible assets	80,725,355.16	96,555,606.15
Audit fee	4,534,567.96	3,809,436.11
Advertising and publicity expenses	2,651,315.31	1,316,229.38
Labor protection	5,131,479.25	6,728,768.71
Low value consumables	4,194,559.56	2,090,372.96
Conference fee	2,396,545.71	2,283,519.63
Board funding	1,296,361.76	186,712.14
Afforestation fees	882,552.82	1,598,194.13
Others	9,281,835.12	7,438,026.38
Total	969,390,462.42	980,055,496.74

49. Research and development expenses

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Staff salary	39,256,490.76	13,261,880.62
Direct inputs	33,972,005.34	86,435.45
Depreciation charge	3,627,297.13	811,596.29
Others	1,863,306.39	844,803.95
Entrust external R&D	1,421,322.91	1,318,632.05
Total	80,140,422.53	16,323,348.36

50. Financial expenses

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Interest expenses	1,325,018,162.02	1,256,978,621.05
Interest expense of lease liabilities	2,168,019.25	
Less: Interest income	134,591,064.48	92,980,495.71
Add: Exchange loss	-633,774.99	-4,677,435.78
Add: Commission	78,117,589.25	60,757,763.36
Total	1,270,078,931.05	1,220,078,452.92

51. Other income

Items	2021 (Jan-Dec)	2020 (Jan-Dec)	Amount included in current non-recurrent gains and losses
Government subsidy	265,923,233.33	481,775,452.12	265,923,233.33
VAT plus and minus	7,165,998.49	9,270,177.86	
Refund of handling charges for withholding individual income tax	117,967.69	107,079.42	
Total	273,207,199.51	491,152,709.40	265,923,233.33

Note: Details of government grants are shown in Notes V-63. Government grants.

52. Investment income

Sources of investment income	2021 (Jan-Dec)	2020 (Jan-Dec)
Investment income from long-term equity investments under the equity method	117,818,953.43	154,377,330.17
Investment income from disposing long-term equity investments	702,290,704.78	573,023,626.48
Investment income obtained during the holding period of Financial assets held for trading	-8,656,544.02	-5,665,501.62
Investment income obtained during the holding period of Investment in other equity instruments		1,366,412.92
Others	8,765,231.08	20,893,622.21
Total	820,218,345.27	743,995,490.16

53. Gains from changes in fair value

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Financial assets held for trading	8,695,000.00	-5,739,250.00
Total	8,695,000.00	-5,739,250.00

54. Credit impairment loss ("-" for losses)

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Bad debt loss of accounts receivable	17,335,654.39	
Bad debt loss of other receivables	-51,522,059.77	
Provision for impairment of credit commitment	260,460.00	
Total	-33,925,945.38	

55. Credit impairment loss ("-" for losses)s

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Bad debt provision		-97,561,477.36
Provision for inventory write-down	-101,836.85	
Provision for impairment of credit commitment		-505,460.00
Total	-101,836.85	-98,066,937.36

56. Gains from disposal of assets

Items	2021 (Jan-Dec)	2020 (Jan-Dec)	Amount included in current non-recurrent gains and losses
Gains or losses from disposal of fixed assets	25,770,515.46	-5,023,684.41	25,770,515.46
Gains or losses from disposal of Intangible assets	2,118,428.81		2,118,428.81
Total	27,888,944.27	-5,023,684.41	27,888,944.27

57. Non-operating income

Items	2021 (Jan-Dec)	2020 (Jan-Dec)	Amount included in current non-recurrent gains and losses
Debt restructuring gains	23,565.46		23,565.46
No need to pay		9,169,731.88	
Repayment of port charges	2,341,628.80	11,032,083.01	2,341,628.80
Service charge for collection of port construction fee	539,600.62	3,610,746.14	539,600.62
Fine net income	688,100.00	2,657,327.38	688,100.00
The combination cost is less than the fair value		2,516,796.77	
Compensation	10,166,533.76	2,999,492.00	10,166,533.76
Return of rental subsidy	3,000,000.00		3,000,000.00
Accounts payable that cannot be disbursed	2,294,261.18		2,294,261.18
Others	4,235,956.57	246,623.25	4,235,956.57
Total	23,289,646.39	32,232,800.43	23,289,646.39

58. Non-operating expenses

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Donation expenses	1,231,361.84	246,086.29
Losses on scrapping of fixed assets	597,293.59	367,940.08
Fine expenditure	929,613.39	809,562.67
Port opening support funds	12,470,000.00	6,850,000.00
Personnel expenses of Hong Kong Office		5,620,000.00
Others	1,738,846.72	2,072,938.86
Total	16,967,115.54	15,966,527.90

59. Income tax

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Current income tax according to the Income Tax Law	186,331,105.31	174,450,072.55
Deferred income tax adjustment	14,174,896.98	-62,249,230.96
Total	200,506,002.29	112,200,841.69

60. Cash flow statement**60.1 Cash received from other operating activities:**

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Subsidy income	268,782,544.68	486,708,028.08
Deposit interest income	134,591,064.48	92,980,495.71
Rent income	105,303,421.67	119,527,696.42
Collect the allowance for container routes	60,600,000.00	80,000,000.00

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Others	104,023,481.61	108,990,097.98
Fine net income	688,100.00	2,657,327.38
Collection of commission on behalf of others	539,600.62	3,610,746.14
Compensation	10,166,533.76	2,999,492.00
Refund of port charges	2,341,628.80	11,032,083.01
Total	687,036,375.62	908,505,966.72

60.2 Cash paid for other operating activities:

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Selling expenses, General and administrative expenses, R&D	260,533,892.28	255,103,815.86
Penalty or tax delay charge	929,613.39	809,562.67
Allowance for container routes	53,470,420.00	44,629,662.98
Payment of restricted monetary funds	694,557,605.86	
Dealings between companies of Port Holding Group	1,050,928,290.50	1,265,827,485.54
Port opening support funds	12,470,000.00	6,850,000.00
Personnel expenses of Hong Kong Office		5,620,000.00
Others	1,231,361.84	252,021,600.00
Total	2,074,121,183.87	1,830,862,127.05

60.3 Cash Received from other investing activities

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Financial leasing	203,953,211.75	8,613,130.45
Increased net cash from acquisition of subsidiaries	36,686,316.01	129,458,046.16
Total	240,639,527.76	138,071,176.61

60.4 Cash paid for other investing activities

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Cash balance received from disposal of subsidiaries	2,303,017.22	
Total	2,303,017.22	

60.5 Cash Received from other financing activities

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Special accounts payable	71,060,000.00	216,221,532.73
Finance lease	2,485,328,673.79	558,927,352.08
Margin recovery	631,203,392.72	39,575,464.47
Issue of perpetual bonds	677,100,000.00	300,000,000.00
Loans and others	359,264,180.31	455,934,495.40
Total	4,223,956,246.82	1,570,658,844.68

60.6 Cash paid for other financing activities

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Financing Commission	78,117,589.25	60,757,763.36
Loans and others		33,346,224.84
Redemption of perpetual bonds	800,000,000.00	500,000,000.00
Payment of restricted monetary funds	631,203,392.72	

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Total	1,509,320,981.97	594,103,988.20

61. Supplementary information of cash flow statement

61.1 Reconciliation of net profit/(loss) to cash flows from operating activities

SUPPLEMENTARY INFORMATION	2021 (Jan-Dec)	2020 (Jan-Dec)
1.Reconciliation of net profit/(loss) to cash flows from operating activities		
Net profit	290,209,900.65	128,819,889.82
Add: Provision for credit impairment	33,925,945.38	
Provision for asset impairment	101,836.85	98,066,937.36
Depreciation of fixed assets	774,824,425.64	762,139,550.05
Amortization of intangible assets	111,612,932.29	96,555,606.15
Amortization of long-term prepaid expenses	35,502,968.13	24,776,312.14
Losses on disposal of fixed assets, intangible assets&other long-term assets' deduct gains	-27,888,944.27	5,023,684.41
Losses on disposal of fixed assets	573,728.13	367,940.08
Exposure to hedging gains		
Losses on changes of fair value	-8,695,000.00	5,739,250.00
Financial expenses	1,404,669,995.53	1,317,736,384.41
Losses arising from investments(deduct: gains)	-820,218,345.27	-743,995,490.16
Decrease in deferred tax debit	13,266,202.96	-32,433,467.89
Increase in deferred tax credit	4,306,721.67	184,236.93
Decrease in inventories(deduct: increase)	-460,453,665.19	-194,426,288.79
Decrease in operating receivables(deduct: increase)	-1,548,409,918.20	-1,138,024,077.60
Increase in operating payables(deduct: decrease)	506,633,306.01	-51,543,446.41
Others		
Net cash flows from operating activities	309,962,090.31	278,987,020.50
2.Investing and financing activities that do not involve cash receipts and payment:		
Conversion of debt into capital		
Reclassification of convertible bonds expiring within one year as current liability		
Fixed assets acquired under finance leases		
3.Net increase/(decrease) in cash and cash equivalents		
Cash at end of year	1,912,941,571.97	2,311,558,410.28
Less: Cash at beginning of year	2,311,558,410.28	2,494,707,961.27
Plus: Cash equivalents at end of year		
Less: Cash equivalents at beginning of year		
Net increase/(decrease) in cash and cash equivalents	-398,616,838.31	-183,149,550.99

61.2 Composition of Cash & Cash Equivalent

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
1. Cash	1,912,941,571.97	2,311,558,410.28
Including: Cash On Hand	33,149.53	9,227.09
Cash in bank	1,912,563,359.26	2,309,809,215.50
Other monetary funds	345,063.18	1,739,967.69
2. Cash Equivalents		

Items	2021 (Jan-Dec)	2020 (Jan-Dec)
Including: Bond Investment Maturing within 3 Months		
3. Closing Balance of Cash & Cash Equivalents	1,912,941,571.97	2,311,558,410.28

62. Assets with Restricted Ownership or Use Rights

Items	Amount	Limited reason
Cash & Cash Equivalents	1,325,760,998.58	Bank acceptance deposits
Intangible assets	3,080,769,103.16	Mortgage loan of land use right and sea area use right
Total	4,406,530,101.74	

63. Government grants

63.1 Details of government grants included in profit and loss or deduction of costs

Item	Related to Assets / Related to income	Amount	Presentation	Amount included in Profit or loss
Subsidy fund for port dredging road maintenance	Related to income	160,000,000.00	Other income	160,000,000.00
Port special subsidy fund	Related to income	622,000.00	Other income	622,000.00
Container route subsidy	Related to income	30,010,297.08	Other income	30,010,297.08
International freight train subsidy	Related to income	5,839,622.64	Other income	5,839,622.64
Subsidy for shutdown and demolition of jinmayao dangerous goods reservoir area	Related to income	5,000,000.00	Other income	5,000,000.00
69 berth shore power subsidy	Related to income	3,090,000.00	Other income	3,090,000.00
Subsidy for job stabilization	Related to income	36,142,123.91	Other income	36,142,123.91
Science and technology development subsidy of the Finance Bureau	Related to income	5,772,100.00	Other income	5,772,100.00
Special award and supplement fund for talents	Related to income	1,660,000.00	Other income	1,660,000.00
The Sixth Batch of subsidies of Lianyungang human resources and Social Security Bureau for replacing training with work	Related to income	132,020.00	Other income	132,020.00
Special fund for transportation development	Related to income	1,290,000.00	Other income	1,290,000.00
Subsidy for port dust construction system	Related to income	2,653,000.00	Other income	2,653,000.00
Reward for outstanding contribution to tax payment in 2020	Related to income	1,000,000.00	Other income	1,000,000.00
Special subsidy fund for provincial transportation development (Lianyungang Port Road freight trading platform)	Related to income	730,000.00	Other income	730,000.00

Reward for inland river containers of newly opened and upgraded routes of Jiangsu Port Group Co., Ltd. in 2019	Related to income	500,000.00	Other income	500,000.00
VAT is levied and refunded immediately	Related to income	200,005.23	Other income	200,005.23
2019 first set of industrial and information district level supporting awards in Jiangsu Province	Related to income	275,000.00	Other income	275,000.00
2020 subsidy for difficult enterprises from the labor and Employment Administration	Related to income	1,125,904.05	Other income	1,125,904.05
other	Related to income	5,456,505.59	Other income	5,456,505.59
Transfer from deferred income	Related to income	4,424,654.83	Other income	4,424,654.83
Total		265,923,233.33		265,923,233.33

63.2 Details of government grants recorded into deferred revenue

Item	12/31/2020	Addition	Transfer to other income	Other deduction	12/31/2021	Related to Assets / Related to income
Subsidy for Lianyungang Ro Ro Terminal renovation project	8,569,038.56		300,000.00		8,269,038.56	Related to assets
Subsidy for 150 thousand tons of waterway expansion project	20,570,606.46		647,988.16		19,922,618.30	Related to assets
Subsidy for application demonstration project of Internet of things for national container sea rail intermodal transport	8,981,388.89		3,476,666.67		5,504,722.22	Related to assets
Total	38,121,033.91		4,424,654.83		33,696,379.08	

VI. Changes in Consolidated Scope

1. Business Combination not under common Control

No.

2. Business Combination under common Control during Current Period

No.

3. Disposal subsidiary

3.1 Loss of control right in case of single disposal of investment in subsidiaries

Items	Lianyungang Xinxin International Logistics Co., Ltd	Lianyungang New Silk Road International Container Development Co., Ltd
Price of equity disposal	1,065,737,000.00	5,735,000.00

Items	Lianyungang Xinxin International Logistics Co., Ltd	Lianyungang New Silk Road International Container Development Co., Ltd
ratio(%)of equity disposal	100%	51%
Method of equity disposal	Transfer by agreement	Transfer by agreement
Time point of loss of control	December 29,2021	February 25,2021
The basis for time point of loss of control	Complete industrial and commercial change registration	Complete industrial and commercial change registration
The difference between the disposal price and the net assets of the disposal investment in the consolidated financial statement	702,069,456.34	221,248.44
The proportion of the remaining shares in the day of the loss of control	-	49%
The book value of the remaining shares in the day of the loss of control	-	9,800,000.00
The fair value of the remaining shares in the day of the loss of control	-	5,510,000.00
Gains or losses arising from the remeasurement of the remaining shares	-	-4,290,000.00
The method and main assumptions of the fair value of the remaining shares		Appraisal report
The other comprehensive income related to the original ownership of the shares shall be transferred to the amount of the investment income		

4. Other changes in Consolidated Scope

Company name	Reason
Add::	
Lianyungang Port Printing Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Handling Service Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Maintenance Engineering Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Port Construction and Installation Engineering Co., Ltd	Collective enterprises restructured and merged into the group
Lianyungang Hengxin Plastic Wood Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Huaxiang Construction Machinery Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Huayi Door and Window Production Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Gangxin Sanitary Cleaning Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Pengxiang Landscaping Engineering Co., Ltd	Subsidiaries of restructured collective enterprises
Lianyungang Lianhe New Building Materials Technology Co., Ltd	After Lianyungang port construction and Installation Engineering Co., Ltd. was restructured and merged into the group, the group consolidated its shareholding and obtained control
Lianyungang Huishun Shipping Co., Ltd	Investment establishment

VII. Interests in Other Entities

1. Interests in Subsidiaries

1.1. Group Composition:

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
1	Jiangsu Lianyungang Port Corporation	Lianyungang	Lianyungang	Port loading and unloading, cargo storage, etc.	52.23		52.23	Investment
2	Lianyungang Xinlian Bulk Terminal Co., Ltd	Lianyungang	Lianyungang	Port loading and unloading, cargo storage, etc.		63.60	63.60	Investment
3	Lianyungang Port International Petrochemical Port Co., Ltd	Lianyungang	Lianyungang	To provide docks for ships; to provide cargo handling for clients; to lease and maintain port facilities, equipment and machinery		51.00	51.00	Investment
4	Jiangsu New Longhai Supply Chain Co., Ltd	Lianyungang	Lianyungang	Supply chain management; freight transportation agency; cargo loading and unloading, handling, storage services; road general cargo transportation; special cargo transportation (container); mechanical equipment leasing, maintenance, etc.		100.00	100.00	Investment
5	Lianyungang Port Group Finance Co., Ltd.	Lianyungang	Lianyungang	To absorb deposits of member units; to handle loans and financial leasing for member units; to handle internal transfer and settlement between member units and the design of corresponding settlement and settlement scheme; to assist member units in the collection and payment of transaction funds, etc	49.00	51.00	100.00	Investment
6	Lianyungang China Korea ferry Co., Ltd	Lianyungang	Lianyungang	Passenger and freight liner shipping business		75.00	75.00	Corporate merger not under the same control
7	Lianyungang ferry Co., Ltd	Lianyungang	Lianyungang	Marine agency business, comprehensive cargo transportation business, trade business, logistics business, travel business and related business of the above business		75.00	75.00	Corporate merger not under the same control

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
8	Jiangsu Zhugang Construction Group Co., Ltd	Lianyungang	Lianyungang	Class II general contracting for port and waterway engineering construction; class II general contracting for housing construction	56.28		56.28	Investment
9	Lianyungang Hua Da waterproof material Co., Ltd.	Lianyungang	Lianyungang	Production and sales of waterproof materials, anti-corrosion materials, roofing waterproof layer maintenance, construction materials, etc		100.00	100.00	Investment
10	Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	Lianyungang	Lianyungang	Industrial investment; domestic freight forwarders; contractors shipping, land transport, air cargo import and export agency business for international transportation	100.00		100.00	Investment
11	Lianyungang Port Logistics Co., Ltd.	Lianyungang	Lianyungang	Container and cargo handling services; domestic freight forwarders, shipping agents; cargo warehousing		100.00	100.00	Investment
12	Lianyungang Lianhe Supply Chain Service Co., Ltd	Lianyungang	Lianyungang	Supply chain management services, etc		100.00	100.00	Investment
13	Lianyungang Yugang Bonded Service Co., Ltd.	Lianyungang	Lianyungang	Storage service		100.00	100.00	Investment
14	Lianyungang Port Group Freight Forwarding Company	Lianyungang	Lianyungang	Contractors shipping, land transportation, air freight, express the import and export of goods and goods in transit international transport agency business		100.00	100.00	Investment
15	Lianyungang Bridge Public Bonded Warehouse	Lianyungang	Lianyungang	Storage for processing trade enterprises and foreign-invested enterprises for processing export products required for the production of raw materials imports and overseas general transit goods		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
16	Lianyungang Kaida International Logistics Co., Ltd.	Lianyungang	Lianyungang	To import and export cargo shipping international transport agency business, including: canvassing, booking, storage, transit, container LCL, freight settlement, customs clearance etc.		100.00	100.00	Investment
17	Lianyungang Best International Trade Co. Ltd.	Lianyungang	Lianyungang	Mineral products, steel, nonferrous metals, coke, chemical products, building materials, decoration materials, agricultural and sideline products sales		100.00	100.00	Investment
18	Lianyungang Xinlian Wood Industry Co., Ltd.	Lianyungang	Lianyungang	Wood processing and wood, bamboo, rattan and grass products industry		100.00	100.00	Transfer
19	Lianyungang Lianheyi Commerce Technology Service Co., Ltd	Lianyungang	Lianyungang	Science and technology promotion and application services		100.00	100.00	Investment
20	Lianyungang Yada import and export auto parts trading comp	Lianyungang	Lianyungang	Cargo transportation insurance, motor vehicle insurance, auto parts sales		100.00	100.00	Transfer
21	Shanghai Yungang Shipping Co., Ltd.	Shanghai	Shanghai	Shipping agency, shipping		51.00	51.00	Investment
22	Lianyungang Dongliang Wharf Co., Ltd.	Lianyungang	Lianyungang	Port cargo unloading, warehousing (except hazardous chemicals), port transport; domestic freight forwarding etc.	71.89		100.00	Investment
23	Lianyungang New Bay Wharf Co., Ltd.	Lianyungang	Lianyungang	Wharf development and construction	65.00	25.00	90.00	Investment
24	Lianyungang Hongyun Industrial Co., Ltd.	Lianyungang	Lianyungang	Diving operations and maintenance of the ship; domestic shipping agent	100.00		100.00	Investment
25	Lianyungang Tianhua Industrial Co. Ltd.	Lianyungang	Lianyungang	Drinking purified water production, sales	100.00		100.00	Investment
26	Lianyungang New Marine Investment Development Co., Ltd.	Lianyungang	Lianyungang	The development and operation of investment, terminal management and supporting facilities; import and export trade	100.00		100.00	Investment
27	Lianyungang Shenggang Disinfect Engineering Services Co., Ltd.	Lianyungang	Lianyungang	Post control services and disinfect equipment retail; termite control, cleaning		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
28	Lianyungang Runtong Environmental Engineering Co. Ltd.	Lianyungang	Lianyungang	Environmental engineering construction		100.00	100.00	Investment
29	Lianyungang Xinhaiyue Tug Co. Ltd.	Lianyungang	Lianyungang	As the ship out of the harbor, dock, shifting with pushing and pulling service		70.00	70.00	Investment
30	Yancheng Haixing Tug Co. Ltd.	Yancheng	Yancheng	Tug service	70.00		70.00	Investment
31	Wuyishan Jinchuan Investment and Development Co., Ltd.	Wuyishan	Wuyishan	Real estate development and management, tourism project investment and development, property management, landscape art design and construction			59.51	Corporate merger not under the same control
32	Lianyungang Yuyang Investment Co., Ltd.	Lianyungang	Lianyungang	Trade		100.00	100.00	Investment
33	Xinyi Port (Lianyungang) Wharf Co., Ltd.	Lianyungang	Lianyungang	The development and operation of wharf and ancillary facilities, bulk cargo handling, storage, transit	100.00		100.00	Investment
34	Lianyungang Port Construction Project Management Co., Ltd.	Lianyungang	Lianyungang	Construction project management	100.00		100.00	Investment
35	Lianyungang Port Engineering Design & Research Institute Co., Ltd.	Lianyungang	Lianyungang	Waterway engineering design, earthwork foundation treatment	100.00		100.00	Investment
36	Lianyungang Keyi Engineering Construction Supervision Co., Ltd.	Lianyungang	Lianyungang	Engineering construction supervision		100.00	100.00	Investment
37	Lianyungang Xianada New Technology Engineering Company	Lianyungang	Lianyungang	Engineering Science and technology research, technical service. Foundation engineering, blasting engineering		100.00	100.00	Investment
38	Lianyungang Port Engineering Test Center Co., Ltd.	Lianyungang	Lianyungang	Engineering Materials Physics, chemical performance test, engineering quality inspection, etc.		100.00	100.00	Investment
39	Jiangsu Golden Harbour International Logistics Industry Company	Lianyungang	Lianyungang	International freight forwarding; domestic freight forwarding; domestic shipping agency; storage; investment		100.00	100.00	Investment
40	Lianyungang Golden Harbour Dongsu port Expressway Co. Ltd.	Lianyungang	Lianyungang	Dongsu highway engineering construction investment, development and management		100.00	100.00	Investment
41	Lianyungang New Yantai Terminal Co. Ltd.	Lianyungang	Lianyungang	Wharf construction engineering construction, technical consultation		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
42	Lianyungang Foreign Shipping Tally Co. Ltd.	Lianyungang	Lianyungang	International and domestic shipping tally business; international and domestic container business	84.00		84.00	Investment
43	Lianyungang Ocean Shipping Inspection Co., Ltd	Lianyungang	Lianyungang	inspection services		100.00	100.00	Investment
44	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang	Lianyungang	Communication equipment and communication cable engineering construction	100.00		100.00	Investment
45	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang	Lianyungang	The port information platform of information system development and management, incoming data exchange service, information system engineering design, installation, technical consultation	50.61		50.61	Investment
46	Jiangsu Yunlian Information Corp	Nanjing	Nanjing	Logistics and Internet of information systems research and development, operations, management, services, information technology consulting services, etc		45.13	45.13	Corporate merger not under the same control
47	Lianyungang Shanghai Guarantee Co., Ltd.	Lianyungang	Lianyungang	Financing guarantee business	100.00		100.00	Investment
48	Shanghai (Hongkong) Investment and Development Co. Ltd.	Hongkong	Hongkong	Investment ,International trade etc.	100.00		100.00	Investment
49	Shanghai (Hongkong) International Trade Co. Ltd.	Hongkong	Hongkong	International trade		100.00	100.00	Investment
50	Shanghai (Hongkong) Leasing Co. Ltd.	Hongkong	Hongkong	Finance leasing		100.00	100.00	Investment
51	Shanghai (Hongkong) Ship Finance Leasing Co., Ltd.	Hongkong	Hongkong	Finance leasing		100.00	100.00	Investment
52	Shanghai (Hongkong) International Investment Co. Ltd.	Hongkong	Hongkong	Investment ,International trade etc.		100.00	100.00	Investment
53	Lianyungang Xiangchang International Trade Co., Ltd.	Lianyungang	Lianyungang	Trade		100.00	100.00	Investment
54	Shanghai financial leasing (Lianyungang) Co. Ltd.	Lianyungang	Lianyungang	Lease		100.00	100.00	Investment
55	Jiangsu New Horizon International Trade Co., Ltd.	Nanjing	Nanjing	Trade		100.00	100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
56	Lianyungang New Luyuan International Container Storage and Transportation Co., Ltd.	Lianyungang	Lianyungang	Container Storage and Transportation		100.00	100.00	Investment
57	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang	Lianyungang	Logistics		51.00	51.00	Investment
58	Lianyungang Xinwei port wharf Co., Ltd	Lianyungang	Lianyungang	General storage service; wharf development and construction	100.00		100.00	Investment
59	Jiangsu New Longgang Port Co., Ltd.	Lianyungang	Lianyungang	Terminals and other port facilities services; provide cargo handling and storage services (only for trial operation); construction of port terminals	86.01		86.01	Investment
60	Lianyungang Jiangang Industrial Co., Ltd.	Lianyungang	Lianyungang	Harbor engineering design, consultation, measurement, construction contract, railway engineering construction	100.00		100.00	Investment
61	Lianyungang Zhongha International Logistics Co., Ltd.	Lianyungang	Lianyungang	International multimodal transport, disassembly and assembly boxes, shipping, warehousing, packaging, cargo loading and unloading, monitoring, acting and other international freight forwarding agent	51.00		51.00	Investment
62	Jiangsu Shanghe Logistics Park Development Co., Ltd.	Lianyungang	Lianyungang	Port infrastructure construction and investment	100.00		100.00	Investment
63	Lianyungang Hui Xin Asset Management Co., Ltd.	Lianyungang	Lianyungang	Investment and asset management	100.00		100.00	Investment
64	Lianyungang Hui Jia Asset Management Co., Ltd.	Lianyungang	Lianyungang	Investment and asset management		100.00	100.00	Investment
65	Lianyungang Lianhe International Container Development Co., Ltd	Lianyungang	Lianyungang	Container handling, loading and unloading, LCL and other services	100.00		100.00	Investment
66	Shanghai Yu Zhou Shipping Co., Ltd.	Shanghai	Shanghai	Freight forwarding agent		100.00	100.00	Investment
67	Lianyungang Kaida International Shipping Agency Co., Ltd.	Lianyungang	Lianyungang	The goods for customs clearance, shipping and transit cargo; and tourist organization, agreed to contact the water rescue.		100.00	100.00	Investment
68	Ningxia Gangtong International Logistics Co., Ltd	Ningxia	Ningxia	International transport agency business for the import and export of goods by sea		60.00	60.00	Corporate merger not under the same control

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
69	Suqian Traffic Logistics Co., Ltd.	Suqian	Suqian	Freight forwarding agent		60.00	60.00	Corporate merger not under the same control
70	Jiangsu Tongjian International Logistics Co., Ltd.	Xinyi	Xinyi	Freight forwarding agent		54.00	54.00	Corporate merger not under the same control
71	Xi'an Continental Bridge International Logistics Co., Ltd.	Xian	Xian	Container ship loading and unloading and site operations		60.00	60.00	Corporate merger not under the same control
72	Xian Camel customer Electronic Commerce Co., Ltd.	Xian	Xian	Warehousing services, etc.		60.00	60.00	Investment
73	Xinjiang Bridge International Logistics Co., Ltd.	Khorgos	Khorgos	Agent; storage; loading and unloading		55.00	55.00	Corporate merger not under the same control
74	Lianyungang New Oriental Container Terminal Co., Ltd.	Lianyungang	Lianyungang	Container ship loading and unloading and site operations	51.00		51.00	Corporate merger not under the same control
75	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang	Lianyungang	Investment, development and operation of port, wharf and supporting facilities; loading, unloading, warehousing and transit of cargo	40.00		51.00	Corporate merger not under the same control
76	Lianyungang New Sugang wharf Co., Ltd	Lianyungang	Lianyungang	Loading, unloading and stacking of goods, operation and management of wharfs and wharfs facilities		51.00	51.00	Corporate merger not under the same control
77	Lianyungang New Sugang International Logistics Co., Ltd	Lianyungang	Lianyungang	Cargo loading and unloading, cargo storage, port facilities, equipment and port machinery leasing and maintenance services		100.00	100.00	Corporate merger not under the same control
78	Lianyungang Xinjie Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
79	Lianyungang Xinliang Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
80	Lianyungang Xinyin Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
81	Lianyungang Xinbao Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
82	Lianyungang Xinbi Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
83	Lianyungang Xinhuan Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
84	Lianyungang Xinzheng Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
85	Lianyungang Port Catering Service Co., Ltd.	Lianyungang	Lianyungang	Catering service	100.00		100.00	Investment
86	Lianyungang Xinli Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
87	Lianyungang Xinya Bay Terminal Co., Ltd.	Lianyungang	Lianyungang	Wharf infrastructure construction, water cargo transportation agency service	100.00		100.00	Investment
88	Jiangsu Lanbao Star Technology Co., Ltd	Lianyungang	Lianyungang	R & D and consultation of Internet of things technology, intelligent technology and information technology	100.00		100.00	Investment
89	Lianyungang Jinhe development and Construction Co., Ltd	Lianyungang	Lianyungang	Municipal Facilities Management	100.00		100.00	Investment
90	Jiangsu Xinhang Electric Co., Ltd	Lianyungang	Lianyungang	Development of ship, offshore platform electrification and automation engineering, shore power engineering, etc	100.00		100.00	Corporate merger not under the same control
91	Lianyungang new Coast Real Estate Development Co., Ltd	Lianyungang	Lianyungang	Real estate development	100.00		100.00	Corporate merger not under the same control
92	Lianyungang Xingang Property Management Co., Ltd	Lianyungang	Lianyungang	Property services		100.00	100.00	Investment
93	Lianyungang highway port Co., Ltd	Lianyungang	Lianyungang	Freight forwarding, transportation services	68.50		100.00	Corporate merger not under the same control

No.	Name of Subsidiary	Registration Place	Operation Site	Business Nature	Share-holding Ratio (%)		Voting right(%)	Acquisition Manner
					direct	indirect		
94	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang	Lianyungang	Power engineering construction, power supply, etc	100.00		100.00	Investment
95	Lianyungang Port Maintenance Engineering Co., Ltd	Lianyungang	Lianyungang	Building construction; Waterproof engineering construction; Building maintenance in port	100.00		100.00	Restructured and merged into
96	Lianyungang Gangxin Sanitary Cleaning Co., Ltd	Lianyungang	Lianyungang	Cleaning, Pest and rodent control service		98.18	98.18	Restructured and merged into
97	Lianyungang Pengxiang Landscaping Engineering Co., Ltd	Lianyungang	Lianyungang	Landscape engineering design and construction		100.00	100.00	Restructured and merged into
98	Lianyungang Lianhe New Building Materials Technology Co., Ltd	Lianyungang	Lianyungang	Technology development, technical consultation, technical service, technology promotion and technology transfer of new building materials		90.00	90.00	Investment
99	Lianyungang Huishun Shipping Co., Ltd	Lianyungang	Lianyungang	Domestic shipping agency; Ship leasing; Ship port service		70.00	70.00	Investment
100	Lianyungang Port Printing Co., Ltd	Lianyungang	Lianyungang	Print binding services; Packaging and decoration printing; Printing of documents, materials and other printed materials	100.00		100.00	Restructured and merged into
101	Lianyungang Port Construction and Installation Engineering Co., Ltd	Lianyungang	Lianyungang	Housing construction works, indoor and outdoor decoration works, earthwork works, electromechanical equipment installation works and hoisting equipment installation works	100.00		100.00	Restructured and merged into
102	Lianyungang Hengxin Plastic Wood Co., Ltd	Lianyungang	Lianyungang	Sales of plastic products; Technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion		100.00	100.00	Restructured and merged into
103	Lianyungang Huaxiang Construction Machinery Co., Ltd	Lianyungang	Lianyungang	Leasing and maintenance of construction machinery; Template leasing and maintenance		100.00	100.00	Restructured and merged into
104	Lianyungang Huayi Door and Window Production Co., Ltd	Lianyungang	Lianyungang	Timber sales; Sales of doors and windows; Construction of metal doors and windows		100.00	100.00	Restructured and merged into
105	Lianyungang Port Handling Service Co., Ltd	Lianyungang	Lianyungang	Port cargo handling activities	100.00		100.00	Restructured and merged into

1.2 Important non-wholly owned subsidiaries

Subsidiaries	Shareholding ratio of minority shareholders(%)	Current net profit attributable to minority shareholders	Dividends paid to minority shareholders in the current period	Accumulated minority interests at the end of the period
Jiangsu Lianyungang Port Corporation	41.24	44,952,271.37	11,382,745.42	1,674,492,060.45
Lianyungang Foreign Shipping Tally Co. Ltd.	16	1,182,591.81	800,000.00	4,981,467.84
Lianyungang Electronic Port Information Development Co., Ltd.	49.39	4,937,736.29	9,100,000.00	25,135,798.44
Lianyungang New Road belt International Logistics Co., Ltd.	49	1,465,351.34		54,912,257.69
Lianyungang New Bay Wharf Co., Ltd.	10	5,304,629.46		88,057,718.47
Jiangsu Zhugang Construction Group Co., Ltd	43.72	38,284,151.85	29,483,333.33	541,627,590.51
Jiangsu New Longgang Port Co., Ltd.	40	-425,517.61		22,789,333.66
Lianyungang Zhongha International Logistics Co., Ltd.	49	1,355,040.89		207,510,441.84
Jiangsu New Sugang Investment Development Co., Ltd.	60	42,630,844.59	1,800,000.00	705,990,287.99
Lianyungang New Oriental Container Terminal Co., Ltd.	49	9,706,376.83		616,144,765.64

1.3 Major Financial Information of Important Non-wholly-owned Subsidiaries

Items	12/31/2021 / 2021 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Foreign Shipping Tally Co. Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd	Jiangsu New Longgang Port Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Oriental Container Terminal Co., Ltd.
Current assets	3,002,319,580.45	21,276,225.48	73,607,366.54	22,769,205.02	181,118,733.12	2,158,633,898.54	-197,109,200.90	74,417,463.33	217,946,152.19	103,574,985.52
Non-current assets	6,245,283,360.41	14,951,219.49	11,793,936.64	100,132,949.48	2,124,745,939.54	294,570,494.92	563,726,805.36	369,878,425.32	3,049,831,219.94	2,008,617,072.84
Total assets	9,247,602,940.86	36,227,444.97	85,401,303.18	122,902,154.50	2,305,864,672.66	2,453,204,393.46	366,617,604.46	444,295,888.65	3,267,777,372.13	2,112,192,058.36
Current liabilities	3,724,394,524.61	5,093,270.99	15,210,198.19	6,012,308.08	492,792,481.47	1,214,348,971.44	319,980,621.94	15,559,799.91	1,064,876,867.07	109,868,136.12
Non-current liabilities	255,218,075.47			4,824,014.39	932,495,006.47		352,274,296.33	5,245,391.11	422,666,359.17	744,665,625.01
Total liabilities	3,979,613,000.08	5,093,270.99	15,210,198.19	10,836,322.47	1,425,287,487.94	1,214,348,971.44	672,254,918.27	20,805,191.02	1,487,543,266.24	854,753,761.13
Operating income	1,021,479,719.80	42,192,373.08	56,877,310.57	66,434,864.93	424,542,509.54	1,828,768,911.03	66,526,426.50	56,072,348.34	609,215,280.11	270,549,209.10
Net profit	184,257,728.10	7,391,198.80	12,437,906.46	2,990,512.94	53,046,294.58	87,566,678.53	-3,041,584.03	2,765,389.56	115,854,714.28	19,808,932.31
Total comprehensive	183,883,642.80	7,391,198.80	12,437,906.46	2,990,512.94	53,046,294.58	87,566,678.53	-3,041,584.03	2,765,389.56	115,854,714.28	19,808,932.31

Items	12/31/2021 / 2021 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Foreign Shipping Co. Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd.	Jiangsu New Longgang Port Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.
income										
Net cash flows from operating activities	347,533,793.17	4,523,867.74	31,569,491.51	3,756,738.45	256,518,503.23	-197,105,200.90	-26,827,857.88	15,650,309.71	267,431,544.89	186,777,243.14

(Continued)

Items	1/1/2021 / 2020 (Jan-Dec)									
	Jiangsu Lianyungang Port Corporation	Lianyungang Foreign Shipping Co. Ltd.	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Road belt International Logistics Co., Ltd.	Lianyungang New Bay Wharf Co., Ltd.	Jiangsu Zhugang Construction Group Co., Ltd.	Jiangsu New Longgang Port Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	Jiangsu New Sugang Investment Development Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.
Current assets	1,991,550,594.71	19,801,866.44	80,927,351.84	58,732,988.41	183,985,527.32	2,064,347,245.35	213,201,767.31	54,370,364.43	190,247,403.84	104,804,423.53
Non-current assets	7,279,566,393.30	14,901,132.73	11,993,483.83	43,262,183.78	2,172,397,710.77	290,611,274.75	509,220,386.50	378,574,896.20	3,122,376,194.13	2,082,717,364.23
Total assets	9,271,116,988.01	34,702,999.17	92,920,835.67	101,995,172.19	2,356,383,238.09	2,354,958,520.10	722,422,153.81	432,945,260.63	3,312,623,597.97	2,187,521,787.76
Current liabilities	1,800,511,190.85	5,960,023.99	11,417,157.14	4,440,353.10	492,709,465.43	1,174,139,678.74	283,995,517.80	8,929,152.56	588,657,807.19	130,945,547.83
Non-current liabilities	2,856,918,543.91				1,036,043,318.51		272,487,742.03	3,250,800.00	1,052,666,399.17	818,946,875.01
Total liabilities	4,657,429,734.76	5,960,023.99	11,417,157.14	4,440,353.10	1,528,752,783.94	1,174,139,678.74	556,483,259.83	12,219,952.56	1,641,324,206.36	949,892,422.84
Operating income	1,621,949,630.33	38,413,540.59	56,934,866.01	64,264,061.32	320,124,042.20	1,816,665,247.01	46,387,090.06	60,630,617.40	577,578,626.74	238,912,626.48
Net profit	94,306,995.75	9,210,891.40	21,605,507.46	3,693,802.75	21,090,669.19	73,890,495.22	7,173,983.36	79,715.19	97,316,754.34	3,796,506.70
Total comprehensive income	94,306,995.75	9,210,891.40	21,605,507.46	3,693,802.75	21,090,669.19	73,890,495.22	7,173,983.36	79,715.19	97,316,754.34	3,796,506.70
Net cash flows from operating activities	-120,596,785.55	7,164,960.68	20,775,977.93	5,914,276.69	134,223,605.70	-14,594,533.12	75,351,385.60	10,676,487.29	375,510,124.04	126,913,350.44

2 Interests in Joint Ventures or Associates

2.1 Important Joint Ventures or Associates

Name of Joint Venture/Associate	Operation Site	Registration Place	Business Nature	Shareholding Proportion		Accounting Method
				Direct	Indirect	
Associates:						
Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang	Lianyungang	Container ship loading and unloading and site operations		45.00%	Equity method
Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang	Lianyungang	Production and processing of soybean products and by-products	20.00%		Equity method
New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang	Lianyungang	Terminal, loading and unloading, storage transit		38.00%	Equity method
Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang	Lianyungang	Surface active agent, auxiliary agent, natural spice	20.00%		Equity method
Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Lianyungang	Lianyungang	Processing and sale of liquefied petroleum gas	25.00%		Equity method
Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang	Lianyungang	Tally	35.00%		Equity method
Lianyungang Port International Petrochemical Storage Co., Ltd.	Lianyungang	Lianyungang	Cargo warehousing s	49.00%		Equity method
Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang	Lianyungang	International Cargo agent	35.00%		Equity method
Lianyungang Taidi Petrochemical Co., Ltd	Lianyungang	Lianyungang	Petrochemical industry	20.00%		Equity method

2.2 Key financial information of important associated enterprises

Items	12/31/2021 / 2021 (Jan-Dec)									
	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang Taidi Petrochemical Co., Ltd	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.	
Current assets	2,176,554,062.36	8,497,285.34	2,984,155,597.07	13,519,043.21	509,298,671.35	1,962,774.60	35,100,797.38	233,319,967.99	217,937,586.83	
Non-current assets	201,012,672.79	203,485,234.92	580,821,593.72	3,202,827.05	733,192,109.27	51,702,628.88	428,959,613.61	347,662,252.92	719,314,446.35	
Total assets	2,377,566,735.15	211,982,520.26	3,564,977,190.79	16,721,870.26	1,242,490,780.62	53,665,403.48	462,060,410.99	580,982,220.91	937,252,033.18	
Current liabilities	1,735,715,269.65	56,848,657.81	1,982,046,024.26	2,959,765.32	404,878,515.04	2,525,074.40	238,126,553.17	35,671,875.57	93,262,714.41	
Non-current liabilities	1,275,555.88		527,064,973.49	815,431.55	370,000,000.00		141,870,000.00	38,225,746.08	1,997,062.04	
Total liabilities	1,736,990,835.53	56,848,657.81	2,509,110,997.75	3,775,216.87	774,878,515.04	2,525,074.40	379,996,553.17	73,897,621.65	95,259,776.45	
Non-controlling interests										
Total equity attributable to owners of the parent company	640,575,899.63	155,133,862.45	1,055,866,193.04	12,946,653.39	467,612,265.58	51,140,329.08	82,063,857.82	507,084,599.26	841,992,256.73	
Share of net assets calculated by shareholding ratio	128,115,179.92	38,763,465.61	211,173,238.58	4,531,328.69	93,522,453.12	17,889,115.18	40,211,290.33	192,692,147.72	378,896,515.53	
Adjustment items								1,494,669.40	-685,129.80	
Including: Goodwill										
Unrealized profit of internal transaction										
Others						35,083,913.90		1,494,669.40	-685,129.80	
Book value of equity investment in associated enterprises	128,115,179.92	38,763,465.61	211,173,238.58	4,531,328.69	93,522,453.12	52,983,029.08	40,211,290.33	194,186,817.12	378,211,385.73	

		12/31/2021 / 2021 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang Taidi Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Fair value of equity investment with public offer									
Operating income	2,706,178,706.45	52,230,930.14	7,392,962,512.59	29,253,582.24	77,549,909.83	84,586.45	86,432,579.47	311,570,570.94	329,695,801.79
Net profit	134,652,328.83	766,538.90	141,728,752.38	8,441,652.03	4,786,442.76	-6,192,990.58	-9,833,791.82	38,022,467.68	72,321,039.83
Other comprehensive income									
Total comprehensive income	134,652,328.83	766,538.90	141,728,752.38	8,441,652.03	4,786,442.76	-6,192,990.58	-9,833,791.82	38,022,467.68	72,321,039.83
Dividends received from associated enterprises in the current period			10,000,000.00	2,308,383.50				13,367,374.33	31,500,000.00

		1/1/2021 / 2020 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Current assets	1,631,787,512.52	7,453,851.98	3,089,112,765.34	12,955,228.33	75,929,170.77	5,371,708.58	38,445,054.55	226,951,981.65	142,562,789.33
Non-current assets	214,739,354.00	217,572,743.19	623,713,918.14	2,916,931.07	738,340,593.35	55,478,147.09	446,799,537.67	329,219,336.81	769,468,347.28
Total assets	1,846,526,866.52	225,026,595.17	3,712,826,683.48	15,872,159.40	814,269,764.12	60,849,855.67	485,244,592.22	556,171,318.46	912,031,136.61
Current liabilities	1,342,753,920.23	70,659,271.61	2,738,090,832.43	3,945,219.92	551,425,861.45	3,528,766.03	217,536,942.58	45,383,684.41	78,226,709.09

		1/1/2021 / 2020 (Jan-Dec)									
Items	Fengyi Oil Technology (Lianyang) Co., Ltd.	Lianyang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyang) grain and Oil Co., Ltd.	Lianyang Zhonglian Tally Co. Ltd.	Lianyang New Century Petrochemical Co., Ltd.	Lianyang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyang) Terminal Co., Ltd.	Lianyang New Oriental International Container Terminal Co., Ltd.		
Non-current liabilities			3,095,601.62				175,810,000.00	6,548,201.61	33,791.76		
Total liabilities	1,342,753,920.23	70,659,271.61	2,741,186,434.05	3,945,219.92	551,425,861.45	3,528,766.03	393,346,942.58	51,931,886.02	78,260,500.85		
Non-controlling interests											
Total equity attributable to owners of the parent company	503,772,946.29	154,367,323.56	971,640,249.43	11,926,939.48	262,843,902.67	57,321,089.64	91,897,649.64	504,239,432.44	833,770,635.76		
Share of net assets calculated by shareholding ratio	100,754,589.26	38,591,830.89	194,328,049.90	4,174,428.82	98,566,463.50	20,062,381.37	45,029,848.32	191,610,984.33	375,196,786.09		
Adjustment items Including: Goodwill						35,083,913.90		1,652,253.38	432,146.81		
Unrealized profit of internal transaction											
Others						35,083,913.90		1,652,253.38	432,146.81		
Book value of equity investment in associated enterprises	100,754,589.26	38,591,830.89	194,328,049.90	4,174,428.82	98,566,463.50	55,146,295.27	45,029,848.32	193,263,237.71	375,628,932.90		
Fair value of equity investment with public offer											
Operating income	1,846,902,737.91	46,970,928.84	7,739,086,037.29	23,792,110.85	59,322,078.55	6,590,597.38	56,220,480.89	280,196,978.80	315,278,148.53		
Net profit	48,270,917.89	106,043.11	354,411,672.75	6,861,448.51	12,305,128.45	-2,445,665.38	-19,295,771.58	39,085,889.85	91,045,880.31		

		1/1/2021 / 2020 (Jan-Dec)							
Items	Fengyi Oil Technology (Lianyungang) Co., Ltd.	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	Lianyungang Zhonglian Tally Co. Ltd.	Lianyungang New Century Petrochemical Co., Ltd.	Lianyungang Sino-foreign Chemical International Logistics Co., Ltd.	Lianyungang Port International Petrochemical Storage Co., Ltd.	New Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.
Other comprehensive income			9,152,918.30						
Total comprehensive income	48,270,917.89	106,043.11	363,564,591.05	6,861,448.51	12,305,128.45	-2,445,665.38	-19,295,771.58	39,085,889.85	91,045,880.31
Dividends received from associated enterprises in the current period				2,185,888.69				4,954,061.22	45,000,000.00

VIII. Fair Value Disclosure

1. Continuous measurement at fair value and discontinuous measurement at fair value

Item	Closing fair value			
	Within Level 1 of the fair value hierarchy	Within Level 2 of the fair value hierarchy	Within Level 3 of the fair value hierarchy	Total
1. Disclosure of continuous measurement at fair value				
(1) Financial assets held for trading		20,000,000.00		20,000,000.00
(a) Financial assets measured at FVTPL		20,000,000.00		20,000,000.00
Liability instrument investment		20,000,000.00		20,000,000.00
Equity instrument investment				
(b) Financial assets designated to be measured at FVTPL				
(2) Derivative financial assets				
(3) Other debt investment				
(4) Other equity instrument investment	37,178,866.12			37,178,866.12
(5) Other non-current financial assets			85,507,576.49	85,507,576.49
(6) Investment properties				
Total amount of assets measured at fair value continuously	37,178,866.12	20,000,000.00	85,507,576.49	142,686,442.61
Total amount of liabilities measured at fair value continuously				
2. Disclosure of discontinuous measurement at fair value				
Total amount of assets measured at fair value discontinuously				
Total amount of liabilities measured at fair value discontinuously				

2. Determination basis of the market value of items measured continuously and discontinuously within Level 1 of the fair value hierarchy

Item	Fair value	Active market quote			
		Main market (Most favorable market)	Transaction price	Historical quantity of transactions	Sources
1. Continuous measurement at fair value					
(1) Financial assets held for trading					
(a) Financial assets measured at FVTPL					
Liability instrument investment					
Equity instrument investment					
(b) Financial assets designated to be measured at FVTPL					
(2) Derivative financial assets					
(3) Other debt investment					
(4) Other equity instrument investment					
Bank of Jiangsu	37,178,866.12	stock exchange	5.83		closing price.
(5) Other non-current financial assets					

Item	Fair value	Active market quote			
		Main market (Most favorable market)	Transaction price	Historical quantity of transactions	Sources
Total amount of assets measured at fair value continuously	37,178,866.12				

3. Items measured continuously and discontinuously within Level 2 of the fair value hierarchy, valuation technique adopted and quantitative and qualitative information of important parameters

The difference between the book value and the fair value of the second level fair value measurement items is small and is presented at cost.

4. Items measured continuously and discontinuously within Level 3 of the fair value hierarchy, valuation technique adopted and quantitative and qualitative information of important parameters

The operating environment, operating conditions and financial conditions of the investee have not changed significantly, so the company takes the investment cost of the investee as an important reference basis for evaluating its fair value

IX. Related Parties and Related Party Transactions

1. The Parent Company of the Company

Name of parent company	Registration Place	Business nature	Registered capital (10 thousand)	Shareholding Proportion (%)	Voting rights (%)
Lianyungang port Holding Group Co., Ltd.	Lianyungang	Port operations, capital operation	1,054,915.00	89.51	100.00

2. Subsidiaries of the Company:

For details please see Note VII.1.

3. Joint Venture and Associate of the Company

For details please see Note VII.2.

4. Other related party

Name of other related party	Relationship with the Company
Lianyungang Port Holding Group Xuwei Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Holding Group Ganyu Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Holding Group Guanyun Co., Ltd.	Subsidiary company of parent company
Lianyungang Port Public Property Management Co., Ltd.	Subsidiary company of parent company
Jiangsu Golden Harbour Investment Co., Ltd	Subsidiary company of parent company
Jiangsu Guanhe International Port Co., Ltd.	Subsidiary company of parent company
Lianyungang Golden Harbour Construction Development Co. Ltd.	Subsidiary company of parent company
Lianyungang Xinxin International Logistics Co., Ltd	Subsidiary company of parent company

5. Related Party Transactions

Type	Provider	Receiver	2021(Jan-Dec)
Sale/Provide service	Lianyungang Port Group Co., Ltd. barge branch	China Lianyungang Ocean Shipping Agency Co., Ltd	33,028,207.00
Sale/Provide service	Lianyungang Port Group Co., Ltd. Ganyu barge branch	China Lianyungang Ocean Shipping Agency Co., Ltd	2,756,490.00
Sale/Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.	1,477,026.47
Sale/Provide service	Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	782,763.41
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang Yuangang Logistics Co., Ltd.	215,515.20
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	2,054,854.54
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang Gangtie International Multimodal Transport Co., Ltd.	10,000.00
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.	3,287,598.20
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	283,800.00
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang New Silk Road International Container Development Co., Ltd	10,000.00
Sale/Provide service	Lianyungang Electronic Port Information Development Co., Ltd.	Lianyungang Zhonglian tally Co., Ltd	480,000.00
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Yuangang Logistics Co., Ltd.	837,657.46
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	New Land Bridge (lianyungang) Terminal Co., Ltd.	12,510,034.09
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	New Land Bridge (lianyungang) Terminal Co., Ltd.	240,000.00
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	New Land Bridge (lianyungang) Terminal Co., Ltd.	59,500.00
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang New Oriental International Container Terminal Co., Ltd.	8,990,668.73
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang New Oriental International Container Terminal Co., Ltd.	229,200.00
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Port International Petrochemical Storage Co., Ltd.	1,741,961.96
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	749,088.45
Sale/Provide service	Lianyungang Port Group Power Supply Engineering Co., Ltd	Lianyungang Taidi Petrochemical Co., Ltd	2,419,891.81
Sale/Provide service	Lianyungang Port Construction and Installation Engineering Co., Ltd	Lianyungang Xianzhi Construction Technology Co., Ltd	5,000,000.00
Sale/Provide service	Lianyungang Port Catering Service Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.	2,691,279.90
Sale/Provide service	Lianyungang Port Logistics Co., Ltd.	Lianyungang Jinneng Logistics Co., Ltd.	340,192,529.24
Sale/Provide service	Lianyungang Port Group Co., Ltd. material branch	Lianyungang Yuangang Logistics Co., Ltd.	3,964,884.70
Sale/Provide service	Lianyungang Port Group Co., Ltd. material branch	Lianyungang New Oriental International Container Terminal Co., Ltd.	3,471,416.71
Sale/Provide service	Lianyungang Port Group Co., Ltd. material branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	20,172,149.09
Sale/Provide service	Lianyungang Port Group Co., Ltd. material branch	Lianyungang New Oriental International Container Terminal Co., Ltd.	3,471,416.71
Sale/Provide service	Lianyungang Port Group Co., Ltd. material branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	20,172,149.09

Type	Provider	Receiver	2021(Jan-Dec)
Sale/Provide service	Lianyungang Xiangchang International Trade Co., Ltd.	Lianyungang Jinneng Logistics Co., Ltd.	19,081,460.00
Sale/Provide service	Lianyungang New Oriental Container Terminal Co., Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	10,388,928.90
Sale/Provide service	Lianyungang New Oriental Container Terminal Co., Ltd.	Lianyungang Yuangang Logistics Co., Ltd.	1,835,008.50
Sale/Provide service	Lianyungang New Oriental Container Terminal Co., Ltd.	Lianyungang New Oriental International Container Terminal Co., Ltd.	515,429.19
Sale/Provide service	Lianyungang New Oriental Container Terminal Co., Ltd.	Lianyungang Xinaogang Clean Energy Co., Ltd.	21,225.67
Sale/Provide service	Lianyungang New Bay Wharf Co., Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	666,901.58
Sale/Provide service	Lianyungang New Bay Wharf Co., Ltd.	New Land Bridge (lianyungang) Terminal Co., Ltd.	382,765.50
Sale/Provide service	Jiangsu Lanbao Star Technology Co., Ltd	Lianyungang Yuangang Logistics Co., Ltd.	3,819,537.00
Sale/Provide service	Lianyungang Tianhua Industrial Co. Ltd.	Lianyungang Yuangang Logistics Co., Ltd.	2,513,866.00
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	Lianyungang Yuangang Logistics Co., Ltd.	1,788,308.11
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	China Lianyungang Ocean Shipping Agency Co., Ltd	647,831.34
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	Lianyungang New Oriental International Container Terminal Co., Ltd.	76,996.70
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	Lianyungang Gangtie International Multimodal Transport Co., Ltd.	1,543,400.00
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	2,660,370.27
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	581,510.34
Sale/Provide service	Lianyungang Port Group Co., Ltd. railway transportation branch	Fengyi Oil Technology (Lianyungang) Co., Ltd.	6,110.72
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	New Land Bridge (lianyungang) Terminal Co., Ltd.	1,898,785.84
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Lianyungang Port International Petrochemical Storage Co., Ltd.	62,314.84
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Lianyungang Qianhong Petrochemical Storage Co., Ltd.	28,973.31
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Lianyungang Taidi Petrochemical Co., Ltd	270,065.12
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Yi Hai (Lianyungang) grain and Oil Co., Ltd.	5,617,458.30
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Fengyi Oil Technology (Lianyungang) Co., Ltd.	1,695,983.96
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Fengyi alcohol industry (Lianyungang) Co., Ltd	1,466,166.96
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Lianyungang Yuangang Logistics Co., Ltd.	169,584.22
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	China Lianyungang Ocean Shipping Agency Co., Ltd	335,493.58
Sale/Provide service	Lianyungang Port Group Co., Ltd. foreign shipping service branch	Lianyungang New Oriental International Container Terminal Co., Ltd.	312,399.24
Sale/Provide service	Lianyungang Foreign Shipping Tally Co. Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	5,205,155.51

Type	Provider	Receiver	2021(Jan-Dec)
Sale/Provide service	Lianyungang Zhongha International Logistics Co., Ltd.	Lianyungang New Silk Road International Container Development Co., Ltd	8,995,815.36
Sale/Provide service	Lianyungang Xinhaiyue Tug Co. Ltd.	China Lianyungang Ocean Shipping Agency Co., Ltd	6,774,850.00
Purchasing goods / receiving services	Lianyungang Port International Petrochemical Storage Co., Ltd.	Jiangsu Lianyungang Port Corporation	4,581,843.25
Purchasing goods / receiving services	Xinluqiao (Lianyungang) wharf Co., Ltd	Lianyungang Kaida International Logistics Co., Ltd.	29,236,522.61
Purchasing goods / receiving services	Lianyungang Yuangang Logistics Co., Ltd	Lianyungang New Oriental Container Terminal Co., Ltd.	75,300.00
Purchasing goods / receiving services	Lianyungang New Oriental International Container Terminal Co., Ltd.	Lianyungang New Oriental Container Terminal Co., Ltd.	200,081.85
Purchasing goods / receiving services	Lianyungang Zhonglian tally Co., Ltd	Jiangsu New Longgang Port Co., Ltd.	481,585.50
Purchasing goods / receiving services	China Lianyungang Ocean Shipping Agency Co., Ltd	Jiangsu New Longgang Port Co., Ltd.	2,861,046.92
Purchasing goods / receiving services	Lianyungang Yuangang Logistics Co., Ltd	Jiangsu Lanbao Star Technology Co., Ltd	3,421,616.00
Purchasing goods / receiving services	Lianyungang Yuangang Logistics Co., Ltd	Lianyungang Foreign Shipping Tally Co. Ltd.	3,241.00
Purchasing goods / receiving services	Lianyungang Gangtie International Multimodal Transport Co., Ltd.	Lianyungang Zhongha International Logistics Co., Ltd.	17,639,114.20
Purchasing goods / receiving services	Lianyungang Yuangang Logistics Co., Ltd	Jiangsu Lanbao Star Technology Co., Ltd	630,135.50
Leasing assets	Lianyungang Port International Petrochemical Storage Co., Ltd.	Jiangsu Lianyungang Port Corporation	319,266.06
Leasing assets	Lianyungang Lianhe International Container Development Co., Ltd	Lianyungang Yuangang Logistics Co., Ltd.	3,266,633.36
Total			613,379,166.08

6. Receivables and Payables of Related Parties

6.1 Receivables

Related parties	12/31/2021		1/1/2021	
	Book Balance	Provision for bad debt	Book Balance	Provision for bad debt
Accounts receivable:				
Lianyungang Port Public Property Management Co., Ltd.	365,490,769.80		365,490,769.80	
Lianyungang Port Holding Group Xuwei Co., Ltd.	329,568,901.20		321,382,379.15	
Lianyungang Golden Harbour Construction Development Co. Ltd.	245,751,608.11		245,751,608.11	
Sub-total	940,811,279.11		932,624,757.06	-
Other receivables:				
Jiangsu Guanhe International Port Co., Ltd.	123,652,438.04		99,343,522.23	
Lianyungang Port Public Property Management Co., Ltd.	548,000,000.00		270,000,000.00	
Lianyungang Port Holding Group Ganyu Co., Ltd.			32,533.17	

Lianyungang Port Holding Group Xuwei Co., Ltd.	1,339,607,433.62	1,255,171,185.61
Lianyungang Port Holding Group Guanyun Co., Ltd.	8,863,677.07	66,970,049.98
Lianyungang Port Holding Group Co., Ltd.	2,706,905,043.34	1,786,168,043.34
Lianyungang Golden Harbour Construction Development Co. Ltd.	148,430,000.00	148,498,538.60
Lianyungang Golden Harbour Investment Co. Ltd.	1,926,601,240.29	1,782,978,400.00
Lianyungang Xinxin International Logistics Co., Ltd.	815,207,291.25	
Sub-total	7,617,267,123.61	5,409,162,272.93
Total	8,558,078,402.72	6,341,787,029.99

X. Commitments and Contingencies

1. Commitment Issues

There is no significant commitment at December 31, 2021.

2. Contingencies

The company provides guarantees to generate contingent liabilities:

As of December 31, 2021, the company's external guarantee for the total amount within group of RMB 10360.4065 million, detailed as follows:

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Within group:					
Lianyungang Dongliang Wharf Co., Ltd.	CNY	2016-8-30	2031-8-29	22,000.00	No
Lianyungang Dongliang Wharf Co., Ltd.	CNY	2021-6-1	2024-6-1	1,000.00	No
Lianyungang New Oriental International Container Terminal Co., Ltd.	CNY	2016-10-8	2034-10-7	14,152.50	No
Lianyungang New Oriental International Container Terminal Co., Ltd.	CNY	2017-1-24	2034-12-20	19,278.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-3-31	2022-3-18	3,200.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-7-9	2022-6-9	5000	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-12-31	2022-12-30	3,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-10-19	2022-10-18	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-11-19	2022-11-16	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-12-10	2022-12-9	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-1-19	2022-1-18	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-7-7	2022-7-6	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-8-20	2022-8-19	3,010.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Lianyungang Port Logistics Co., Ltd.	CNY	2021-8-30	2022-8-29	1,990.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-11-26	2022-11-25	3,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-10-28	2022-10-27	9,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-1-26	2022-1-25	3,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-8-20	2022-5-4	4,907.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-12-28	2022-2-24	998	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-3-9	2022-3-8	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-6-28	2022-6-17	5,000.00	No
Lianyungang Port Logistics Co., Ltd.	CNY	2021-1-14	2022-1-13	10,000.00	No
Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	CNY	2021-6-9	2022-6-8	6,000.00	No
Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	CNY	2021-11-12	2022-11-11	4,000.00	No
Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	CNY	2021-5-20	2022-5-19	10,000.00	No
Lianyungang Kaida International Logistics Co., Ltd.	CNY	2021-9-22	2022-9-21	1,000.00	No
Lianyungang Kaida International Logistics Co., Ltd.	CNY	2021-5-21	2022-5-20	3,650.00	No
Lianyungang Kaida International Logistics Co., Ltd.	CNY	2021-9-30	2022-9-15	1,000.00	No
Lianyungang Kaida International Logistics Co., Ltd.	CNY	2021-12-17	2022-12-16	6,500.00	No
Lianyungang Bridge Public Bonded Warehouse	CNY	2021-3-18	2022-3-17	1,000.00	No
Lianyungang Bridge Public Bonded Warehouse	CNY	2021-6-24	2022-6-15	500	No
Lianyungang Bridge Public Bonded Warehouse	CNY	2021-2-9	2022-2-2	950	No
Lianyungang Yugang Bonded Service Co., Ltd.	CNY	2021-7-30	2022-7-29	1,000.00	No
Lianyungang Yugang Bonded Service Co., Ltd.	CNY	2021-6-21	2022-6-15	500	No
Lianyungang Yugang Bonded Service Co., Ltd.	CNY	2021-6-25	2022-6-10	500	No
Lianyungang Yugang Bonded Service Co., Ltd.	CNY	2021-3-18	2022-3-17	450	No
Lianyungang Best International Trade Co. Ltd.	CNY	2021-9-23	2022-9-22	1,000.00	No
Lianyungang Best International Trade Co. Ltd.	CNY	2021-6-29	2022-6-15	500	No
Lianyungang Kaida International Shipping Agency Co., Ltd.	CNY	2021-7-23	2022-7-22	500	No
Lianyungang Kaida International Shipping Agency Co., Ltd.	CNY	2021-9-23	2022-9-22	1,000.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Lianyungang Kaida International Shipping Agency Co., Ltd.	CNY	2021-3-22	2022-1-24	730	No
Lianyungang Kaida International Shipping Agency Co., Ltd.	CNY	2021-11-16	2022-11-15	950	No
Lianyungang Kaida International Shipping Agency Co., Ltd.	CNY	2021-2-9	2022-2-8	800	No
Jiangsu Golden Harbour International Logistics Industry Company	CNY	2021-9-30	2022-9-20	600	No
Lianyungang highway port Co., Ltd	CNY	2016-10-18	2031-10-18	14,059.00	No
Lianyungang highway port Co., Ltd	CNY	2017-2-4	2031-4-1	4,136.00	No
Lianyungang highway port Co., Ltd	CNY	2021-6-25	2022-5-25	950	No
Lianyungang highway port Co., Ltd	CNY	2021-7-22	2022-1-21	3,000.00	No
Ningxia Gangtong International Logistics Co., Ltd	CNY	2021-3-9	2022-3-8	1,000.00	No
Ningxia Gangtong International Logistics Co., Ltd	CNY	2021-12-21	2022-12-20	0	No
Ningxia Gangtong International Logistics Co., Ltd	CNY	2021-6-29	2022-6-17	2,000.00	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2016.1.18	2026.1.17	9,500.00	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2016.2.17	2026.2.16	4,400.00	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2020.8.12	2028.8.21	8,000.00	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2020.11.30	2027.11.30	52,663.58	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2020.12.16	2025-12-15	12,481.75	No
Lianyungang Port Public Property Management Co., Ltd.	CNY	2020.12.15	2025-12-14	8,052.74	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-5-20	2022-5-19	5,000.00	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-3-30	2022-3-29	8,835.75	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-3-18	2022-2-15	9,600.00	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-9-17	2022-9-16	1,500.00	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-8-6	2022-7-6	15,000.00	No
Jiangsu Zhugang Construction Group Co., Ltd	CNY	2021-3-31	2022-3-30	1,000.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2019-4-20	2023-4-10	8,741.34	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-4-14	2026-4-22	3,214.29	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-12-20	2022-12-19	3,000.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-2-26	2022-2-25	3,750.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-6-15	2022-6-14	2,250.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-8-20	2022-8-19	2,250.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-3-25	2022-3-24	1,650.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2021-9-9	2022-9-8	2,625.00	No
Lianyungang New Bay Wharf Co., Ltd.	CNY	2020-6-1	2030-6-17	75,450.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2019-7-12	2033-6-20	80,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-12-27	2028-12-29	3,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-1-8	2022-1-7	3,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-11-16	2022-11-15	1,400.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-11-11	2022-11-10	2,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-6-16	2022-6-15	1,200.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-7-28	2022-7-27	2,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-3-9	2022-3-8	1,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-3-31	2022-3-31	1,300.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2020-11-12	2021-8-24	2,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-11-22	2021-5-19	315	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-3-10	2022-3-9	2,000.00	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-10-22	2022-4-18	390	No
Lianyungang Xinwei port wharf Co., Ltd	CNY	2021-12-9	2022-6-9	975	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.1.4	2031.1.3	24,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2019.11.30	2022.11.29	2,490.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.2.9	2028.2.8	3,015.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.12.28	2022.6.28	147	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.12.24	2027.12.23	590	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.3.19	2022.3.18	1,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.2.26	2022.2.25	1,000.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.7.16	2022.7.16	1,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.3.4	2022.3.3	2,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.2.9	2022.7.14	1,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.8.31	2022.8.30	1,000.00	No
Jiangsu New Longgang Port Co., Ltd.	CNY	2021.9.8	2023.3.15	1,900.00	No
Jiangsu Shanghe Logistics Park Development Co., Ltd.	CNY	2017-9-22	2027-9-1	4,375.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-6-29	2039-6-28	4,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-8-11	2039-6-28	25,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-9-26	2039-6-28	5,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-10-29	2039-6-28	5,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-8-24	2039-6-28	1,500.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-8-26	2039-6-28	13,500.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-9-29	2039-6-28	5,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-9-28	2039-6-28	10,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-9-26	2039-6-28	5,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-10-8	2039-6-28	5,000.00	No
Lianyungang Xinyin Bay Terminal Co., Ltd.	CNY	2021-10-9	2039-6-28	10,000.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2014-11-6	2024-9-15	10,350.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2014-8-26	2024-6-15	4,000.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2014-7-28	2024-6-15	7,800.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2021-3-23	2022-3-3	4,000.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2020-3-18	2023-3-17	470	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2020-5-6	2023-5-5	3,440.00	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2021-1-26	2024-1-25	790	No
Lianyungang New Yuntai Terminal Co. Ltd.	CNY	2021-4-14	2022-4-12	1,000.00	No
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2019-8-22	2024-6-10	13,698.00	No
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2021-4-17	2022-7-14	6,849.00	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2021-4-17	2022-7-14	6,849.00	No
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2021-10-1	2022-10-1	6,849.00	No
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2017-12-13	2027-12-13	18,281.70	No
Shanghai (Hongkong) International Trade Co. Ltd.	CNY	2019-9-27	2022-9-27	258,012.00	No
Subtotal				1,021,260.65	
Enterprises outside the group:					
Lianyungang Duwang Logistics Co., Ltd	CNY	2021-1-15	2022-1-14	500	No
Jiangsu Cisco Power Engineering Co., Ltd	CNY	2021-1-29	2022-1-18	500	No
Lianyungang Xingyi Fastener Co., Ltd	CNY	2021-3-11	2022-3-9	150	No
Lianyungang ogrima aquaculture Co., Ltd	CNY	2021-3-19	2022-3-18	300	No
Fu Qiang	CNY	2021-3-13	2022-3-2	200	No
Feng Yan	CNY	2021-3-25	2022-2-25	150	No
Lianyungang Bincheng building materials Co., Ltd	CNY	2021-4-1	2022-3-31	500	No
Wang Weiming	CNY	2021-4-8	2022-4-1	130	No
Jiangsu Xiangying Logistics Co., Ltd	CNY	2021-4-16	2022-4-15	150	No
Lianyungang water conservancy construction and Installation Engineering Co., Ltd	CNY	2021-5-17	2024-4-25	700	No
Lianyungang water conservancy construction and Installation Engineering Co., Ltd	CNY	2021-5-24	2022-5-17	350	No
Guanyun jieshida Building Materials Sales Co., Ltd	CNY	2021-5-19	2022-5-18	100	No
Yu Hongfeng	CNY	2021-5-19	2022-4-17	370	No
Wan Liming	CNY	2021-6-9	2022-5-25	100	No
Lianyungang Huihai aquaculture Co., Ltd	CNY	2021-6-29	2022-6-21	180	No
Lianyungang Taidi Energy Co., Ltd	CNY	2021-6-30	2022-6-25	1,000.00	No
Lianyungang Fubang International Logistics Co., Ltd	CNY	2021-7-22	2022-7-18	200	No
Lianyungang Fubang International Logistics Co., Ltd	CNY	2021-8-23	2022-8-18	90	No
Lianyungang Pingchuang Industrial Co., Ltd	CNY	2021-8-16	2022-8-10	200	No
Lianyungang Deyi Materials Trading Co., Ltd	CNY	2021-8-19	2022-7-18	500	No
Zhai Xingyun	CNY	2021-8-30	2022-8-1	160	No
Lianyungang kaimeng Trading Co., Ltd	CNY	2021-9-10	2022-7-9	500	No
Li Xiaoxia	CNY	2021-9-24	2022-9-24	100	No

Name of the insured company	Currency	Guarantee start date	Guarantee end date	Total amount of bank guarantee (ten thousand yuan)	Whether the guarantee has been fulfilled
Lianyungang Taidi Petrochemical Co., Ltd	CNY	2021-9-27	2022-9-26	900	No
Lianyungang Taidi Petrochemical Co., Ltd	CNY	2021-9-27	2022-9-26	1,000.00	No
Lianyungang Deyi Materials Trading Co., Ltd	CNY	2021-9-17	2022-9-7	1,000.00	No
Yuan Jingjing	CNY	2021-10-21	2022-10-12	400	No
Lianyungang Tianan Electromechanical Engineering Co., Ltd	CNY	2021-10-25	2022-10-21	500	No
Lianyungang Qihui new building materials Co., Ltd	CNY	2021-10-29	2022-10-27	500	No
Jiangsu wanruida Electromechanical Engineering Co., Ltd	CNY	2021-10-22	2022-10-13	400	No
Lianyungang Fuxin Shipping Engineering Co., Ltd	CNY	2021-11-17	2022-11-16	200	No
Yu enzhe	CNY	2021-11-26	2022-11-26	100	No
Lianyungang Boquan Trading Co., Ltd	CNY	2021-11-22	2022-11-21	450	No
Tao Songqing	CNY	20211129	20221129	500	No
Lianyungang Jinhuichuan Logistics Co., Ltd	CNY	2021-11-26	2022-11-25	80	No
Lianyungang Huashengyun Science and Trade Co., Ltd	CNY	2021-11-26	2022-10-8	300	No
Jiangsu Xiangying Logistics Co., Ltd	CNY	2021-12-15	2022-12-14	240	No
Lianyungang Rongjin Commercial Concrete Co., Ltd	CNY	2021-12-20	2022-12-15	300	No
Guanyun Shengyuanchang communication Equipment Sales Co., Ltd	CNY	2021-12-30	2022-11-29	500	No
Lianyungang Chunxuan Trading Co., Ltd	CNY	2021-12-23	2022-6-28	180	No
Lianyungang Langlang Agricultural Technology Co., Ltd	CNY	2021-12-23	2022-12-22	100	No
Subtotal				14,780.00	
Total				1,036,040.65	

XI. Post Balance Sheet Event

The Company has no outstanding events occurring after the balance sheet date that require disclosure.

XII. Other Important Information

The Company has no outstanding events occurring after the balance sheet date that require disclosure.

XIII. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is CNY, except other statements)

1. Accounts receivable

1.1 Disclosed by Aging

Aging	12/31/2021	1/1/2021
Within 1 year	151,252,838.50	139,202,643.60
1-2 year	101,339,792.83	41,603,071.49
2-3 year	31,804,270.78	16,362,343.74
3-4 year	10,007,701.51	241,574,916.18
4-5 year	241,328,379.04	223,118,409.36
Over 5 year	312,551,292.95	142,471,529.80
Book balance sub-total	848,284,275.61	804,332,914.17
Less: Bad debt provision	37,520,538.62	36,220,858.40
Net value	810,763,736.99	768,112,055.77

1.2 Disclosed by bad debt accrual method

Items	12/31/2021				Net value
	Book balance		Bad debt provision		
	Amount	%	Amount	%	
Receivables whose bad debt provisions are made separately					
Receivables whose bad debt provisions are made by portfolio	848,284,275.61	100.00	37,520,538.62	4.42	810,763,736.99
Including: overdue aging combination	204,625,370.06	24.12	37,520,538.62	18.34	167,104,831.44
Other combinations	643,658,905.55	75.88			643,658,905.55
Total	848,284,275.61	100.00	37,520,538.62	4.42	810,763,736.99

Continued on the table

Items	1/1/2021				Net value
	Book balance		Bad debt provision		
	Amount	%	Amount	%	
Receivables whose bad debt provisions are made separately					
Receivables whose bad debt provisions are made by portfolio	804,332,914.17	100.00	36,220,858.40	4.50	768,112,055.77
Including: overdue aging combination	162,207,664.91	20.17	36,220,858.40	22.33	125,986,806.51
Other combinations	642,125,249.26	79.83			642,125,249.26
Total	804,332,914.17	100.00	36,220,858.40	4.50	768,112,055.77

In the portfolio, accounts receivable for which bad debt provision is withdrawn by overdue aging analysis method:

Overdue aging	12/31/2021			1/1/2021		
	Book balance	Bad debt provision	Accrual proportion%	Book balance	Bad debt provision	Accrual proportion%
Not overdue	135,396,296.49	6,769,814.82	5	77,596,959.45	3,879,847.97	5
Within 1 year	7,450,156.85	745,015.69	10	17,760,483.91	1,776,048.39	10
1-2 year	8,142,888.94	2,442,866.68	30	8,465,637.91	2,539,691.37	30

Overdue aging	12/31/2021			1/1/2021		
	Book balance	Bad debt provision	Accrual proportion%	Book balance	Bad debt provision	Accrual proportion%
2-3 year	6,392,976.93	2,557,190.77	40	45,992,839.23	18,397,135.69	40
3-4 year	44,474,800.39	22,237,400.20	50	5,527,218.86	2,763,609.43	50
Over 4 year	2,768,250.46	2,768,250.46	100	6,864,525.55	6,864,525.55	100
Total	204,625,370.06	37,520,538.62	18.34	162,207,664.91	36,220,858.40	22.33

In the portfolio, bad debt reserves are not withdrawn for other portfolios.

1.3 Bad debt provision

Items	1/1/2021	Changes in current period			12/31/2021
		Increase	Reversal	Deduct	
Non-related parties portfolio	36,220,858.40	1,299,680.22			37,520,538.62
Total	36,220,858.40	1,299,680.22			37,520,538.62

1.4 Top five entities with the largest balances of the accounts receivable

Debtor's name	Closing balance	Proportion in the total accounts' receivables (%)	Provision Amount
Lianyungang Port Public Property Management Co., Ltd.	365,490,769.80	43.09	
Lianyungang New Coast Real Estate Development Co., Ltd.	105,008,277.54	12.38	
Lianyungang Hongyun Industrial Co., Ltd.	64,315,817.18	7.58	
Lianyungang Zhonggangyin Coal Blending Co., Ltd.	44,474,800.39	5.24	17,789,920.16
Lianyungang Bridge Public Bonded Warehouse	24,164,000.00	2.85	
Total	603,453,664.91	71.14	17,789,920.16

2. Other receivables

2.1 Category

Items	12/31/2021	1/1/2021
Interests receivable		
Dividends receivable	73,371,736.45	197,709,765.55
Other receivables	16,866,498,227.11	16,245,811,559.51
Total	16,939,869,963.56	16,443,521,325.06

2.2 Dividend receivable

Items	12/31/2021	1/1/2021
Jiangsu Zhugang Construction Group Co., Ltd.		124,338,029.10
Lianyungang Port Engineering Design & Research Institute Co., Ltd.	30,839,879.59	30,839,879.59
Lianyungang New Coast Real Estate Development Co., Ltd.	26,000,000.00	26,000,000.00
Lianyungang Jiangang Industrial Co., Ltd.	9,376,736.05	9,376,736.05
Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	7,155,120.81	7,155,120.81
Total	73,371,736.45	197,709,765.55

2.3 Other receivables

a) Classification of other receivables by aging

Aging	12/31/2021	1/1/2021
Within 1 year	6,824,359,051.38	6,069,605,508.40
1-2 year	3,306,966,348.24	3,020,534,383.14
2-3 year	3,659,355,950.80	4,171,882,909.47
3-4 year	2,470,431,054.55	2,466,068,852.49
4-5 year	333,183,628.37	247,537,387.64
Over 5 year	502,850,997.35	430,171,059.84
Book balance sub-total	17,097,147,030.69	16,405,800,100.98
Less: Bad debt provision	230,648,803.58	159,988,541.47
Net value	16,866,498,227.11	16,245,811,559.51

b) Classification of other receivables by nature

Nature of payment	12/31/2021	1/1/2021
Related transactions	4,791,050,315.79	3,774,868,516.71
Security deposit	943,153.50	1,070,626.53
Petty cash	73,746.00	66,884.00
Loan	12,291,343,877.24	12,611,793,427.11
Other receivables	13,735,938.16	18,000,646.63
Book balance sub-total	17,097,147,030.69	16,405,800,100.98
Less: Bad debt provision	230,648,803.58	159,988,541.47
Net value	16,866,498,227.11	16,245,811,559.51

c) Disclosed by bad debt accrual method

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
1/1/2021		159,988,541.47		159,988,541.47
Opening balance in current period				
—Move to phase II			—	
—Move to phase III				
—Back to phase II				
—Back to phase I				
Current increase		70,660,262.11		70,660,262.11
Current Reversal				
Current Deduct				
Other changes				
12/31/2021		230,648,803.58		230,648,803.58

d) Bad debt provision

Items	1/1/2021	Changes in current period			12/31/2021
		Increase	Reversal	Deduct	
Non-related parties portfolio	159,988,541.47	70,660,262.11			230,648,803.58
Total	159,988,541.47	70,660,262.11			230,648,803.58

e) top five entities with the largest balances of the account receivables

Company name	Business content	Amount	Aging	Proportion in the total (%)	Bad debt provision
Lianyungang Jinhe development and Construction Co., Ltd	Related contacts	4,617,650,000.00	Within 1 year 3,881,429,981.34; 3-4 year 736,220,018.66	27.01	
Lianyungang Port Holding Group Co., Ltd.	Related contacts	2,706,905,043.34	Within 1 year 920,737,000; 1-2year 844,500,000; 2-3year 785,486,791.72; 3-4year 156,181,251.62	15.83	
Jiangsu Golden Harbour Investment Co., Ltd.	Related contacts	1,926,601,240.29	Within 1 year 143,622,840.29; 1-2year 462,841,746.11; 2-3year 1,320,136,653.89	11.27	
Lianyungang new Coast Real Estate Development Co., Ltd	Related contacts	1,010,000,000.00	Within 1 year 642,865,936.11; 3-4 year 367,134,063.89 元	5.91	
Lianyungang Xuwei Port Investment Co., Ltd.	Related contacts	953,337,528.84	Within 1 year 263,337,528.84; 1-2year 290,000,000; 2-3year 200,000,000; 3-4year 200,000,000	5.58	
Total		11,214,493,812.47		65.60	

3. Long-term equity investment

Item	12/31/2021			1/1/2021		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Investment in subsidiary	12,129,179,604.49	3,104,949.50	12,126,074,654.99	11,674,525,479.46	3,104,949.50	11,671,420,529.96
Investment in associate, joint venture	617,287,500.28		617,287,500.28	571,209,725.57		571,209,725.57
Total	12,746,467,104.77	3,104,949.50	12,743,362,155.27	12,245,735,205.03	3,104,949.50	12,242,630,255.53

3.1 Investment in subsidiary

Investee	1/1/2021	Increase	Decrease	12/31/2021	Provision for impairment in the current period	Closing balance of provision for impairment
Jiangsu Lianyungang Port Corporation	1,427,427,704.14	499,999,998.02		1,927,427,702.16		
Lianyungang Shipping Tally Co. Ltd.	6,305,544.00			6,305,544.00		
Lianyungang Electronic Port Information Development Co., Ltd.	20,016,768.05			20,016,768.05		
Lianyungang New Marine Investment Development Co., Ltd.	149,000,000.00			149,000,000.00		
Lianyungang Port Design & Research Institute Co., Ltd.	17,039,275.52			17,039,275.52		
Jiangsu Golden Harbour Investment Co., Ltd.						
Lianyungang Jinhe development and Construction Co., Ltd	627,226,185.29			627,226,185.29		
Jiangsu Zhugang Construction Group Co., Ltd	508,117,522.11			508,117,522.11		
Lianyungang New Sea Real Estate Development Company	763,812,700.00			763,812,700.00		
Lianyungang Shanhai Guarantee Co., Ltd.	200,000,000.00			200,000,000.00		
Xinyi Port (Lianyungang) Wharf Co., Ltd.	185,867,900.00			185,867,900.00		
Lianyungang New Silk Road International Container Development Co. Ltd.	20,000,000.00		20,000,000.00			
Lianyungang New Bay Wharf Co., Ltd.	455,000,000.00			455,000,000.00		
Shanghai (Hongkong) Investment and Development Co. Ltd.	810,350,114.98			810,350,114.98		
Jiangsu New Longgang Port Co., Ltd.	147,592,700.00			147,592,700.00		
Jiangsu Lianyungang Port Logistics Holding Co., Ltd.	1,090,000,000.00	119,000,000.00		1,209,000,000.00		
Jiangsu Wisdom Yungang Science and Technology Co. Ltd.	29,500,000.00			29,500,000.00		
Lianyungang Dongliang Wharf Co., Ltd.	273,831,518.50			273,831,518.50		
Lianyungang Xinwei Port Wharf Co. Ltd.	595,480,000.00			595,480,000.00		
Lianyungang Port Construction Project Management Co., Ltd.	20,000,000.00			20,000,000.00		
Lianyungang JianGang Industrial Co., Ltd.	28,700,911.69			28,700,911.69		
Lianyungang New Oriental Container Terminal Co., Ltd.	838,520,460.00			838,520,460.00		
Lianyungang Zhongha International Logistics Co., Ltd.	214,200,000.00			214,200,000.00		

Investee	1/1/2021	Increase	Decrease	12/31/2021	Provision for impairment in the current period	Closing balance of provision for impairment
Lianyungang Huixin Asset Management Co., Ltd	20,000,000.00			20,000,000.00		
Jiangsu New Sugang Investment Development Co., Ltd.	387,466,103.85			387,466,103.85		
Jiangsu Shanghe Logistics Park Development Co., Ltd.	730,000,000.00			730,000,000.00		
Lianyungang Port Group Finance Co., Ltd.	490,000,000.00			490,000,000.00		
Lianyungang Port Catering Service Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinbao Bay Terminal Co., Ltd.	35,000,000.00			35,000,000.00		
Lianyungang Xinhuan Bay Terminal Co., Ltd.	45,000,000.00			45,000,000.00		
Lianyungang Xinjie Bay Terminal Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinying Bay Terminal Co., Ltd.	45,000,000.00	55,000,000.00		100,000,000.00		
Lianyungang Xinzheng Bay Terminal Co., Ltd.	5,000,000.00			5,000,000.00		
Lianyungang Xinliang Bay Terminal Co., Ltd.	15,000,000.00			15,000,000.00		
Lianyungang Xinbi Bay Terminal Co., Ltd.	40,000,000.00			40,000,000.00		
Lianyungang Friendship Hotel	3,104,949.50			3,104,949.50		3,104,949.50
Lianyungang Xinli Bay Terminal Co.	5,000,000.00			5,000,000.00		
Lianyungang Xinya Bay Terminal Co.	5,000,000.00			5,000,000.00		
Jiangsu Lanbao Star Technology Co., Ltd	25,000,000.00	17,505,000.00		42,505,000.00		
Jiangsu Xinhang Electric Co., Ltd	84,270,000.00			84,270,000.00		
Lianyungang Lianhe International Container Development Co., Ltd	375,930,466.64			375,930,466.64		
Lianyungang Hongyun Industry Co., Ltd	15,256,427.69			15,256,427.69		
Lianyungang Tianha Industry Co., Ltd	9,793,836.88			9,793,836.88		
Lianyungang Port Group Power Supply Engineering Co., Ltd	86,644,707.97			86,644,707.97		
Lianyungang Xinxin International Logistics Co., Ltd	393,582,545.60		393,582,545.60			
Lianyungang highway port Co., Ltd	420,487,137.05			420,487,137.05		
Lianyungang port printing Co., Ltd		1,073,917.25		1,073,917.25		
Yancheng Haixing Tugboat Co., Ltd		1,400,000.00		1,400,000.00		
Lianyungang Port Handling Service Co., Ltd		19,485,548.77		19,485,548.77		

Investee	1/1/2021	Increase	Decrease	12/31/2021	Provision for impairment in the current period	Closing balance of provision for impairment
Lianyungang Port Construction and Installation Engineering Co., Ltd		123,200,940.32		123,200,940.32		
Lianyungang Port Maintenance Engineering Co., Ltd		31,571,266.27		31,571,266.27		
Total	11,674,525,479.46	868,236,670.63	413,582,545.60	12,129,179,604.49		3,104,949.50

3.2 Investment in associate, joint venture

Investee	1/1/2021	Changes in Current Period							12/31/2021	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment			Others
Lianyungang Qianhong Petrochemical Storage Co., Ltd.	38,591,830.89			191,634.72						38,783,465.61	
Fengyi oil technology (Lianyungang) Co., Ltd.	100,754,589.26			27,136,470.66		224,120.00				128,115,179.92	
Yihai (Lianyungang) Grain and oil industry Co., Ltd.	194,328,049.90			28,345,750.47	-1,500,561.79		-10,000,000.00			211,173,238.58	
Lianyungang Zhonglian Tally Co. Ltd.	4,174,428.82			2,665,283.37			-2,308,383.50			4,531,328.69	
Lianyungang Port International Petrochemical Storage Co., Ltd.	45,029,848.32			-4,818,557.99						40,211,290.33	
Fengyi Alcohol Industrial (Lianyungang) Co., Ltd.	33,702,260.10			8,051,769.33						41,754,029.43	
Lianyungang Xinyi International Freight Forwarding Co., Ltd.	665,959.51									665,959.51	
Lianyungang Harbor travel company	250,000.00									250,000.00	
Lianyungang Sino-foreign Transport International Logistics Co., Ltd.	55,146,295.27			-2,163,266.19						52,983,029.08	

Investee	1/1/2021	Changes in Current Period							12/31/2021	Closing balance of provision for impairment	
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment			Others
Lianyungang Taidi Petrochemical Co., Ltd	98,566,463.50			-5,044,010.38						93,522,453.12	
Lianyungang new Silk Road International Container Development Co., Ltd				-4,502,473.99						5,237,526.01	9,800,000.00
Total	571,209,725.57			49,862,600.00	-1,500,561.79	224,120.00	-12,308,383.50		9,800,000.00	617,287,500.28	

4. Sales and cost of sales

4.1 Sales and other operating income

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Revenue	Cost	Revenue	Cost
Main operations	730,242,656.57	604,582,443.03	897,253,798.68	762,370,287.70
Other operations	291,237,063.23	114,557,592.79	112,912,026.63	74,875,037.43
Total	1,021,479,719.80	719,140,035.82	1,010,165,825.31	837,245,325.13

4.2 Main operations (disclosure by branch line of business)

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Loading and unloading income	8,696,288.12	1,985,637.14	2,871,698.13	2,120,709.24
Management revenue	444,287,271.29	365,022,895.09	451,821,518.04	372,992,711.72
Sales revenue	272,868,499.21	234,714,574.82	414,823,253.92	365,187,424.19
Engineering Income	4,390,597.95	2,859,335.98	27,737,328.59	22,069,442.55
Total	730,242,656.57	604,582,443.03	897,253,798.68	762,370,287.70

4.2 Other operations (disclosure by branch line of business)

Items	2021 (Jan-Dec)		2020 (Jan-Dec)	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Lease of other assets	123,146,421.67	4,319,002.01	66,594,930.42	28,729,587.27
Supply	29,409,376.79	18,402,990.66	27,588,167.83	25,925,491.59
Others	138,681,264.77	91,835,600.12	18,728,928.38	20,219,958.57
Total	291,237,063.23	114,557,592.79	112,912,026.63	74,875,037.43

5. Investment income

Item	2021 (Jan-Dec)	2020 (Jan-Dec)
Investment income from long-term equity investments under cost method	52,274,035.64	37,130,716.98
Investment income from long-term equity investments under equity method	49,862,600.00	78,229,840.66
Investment income from disposing long-term equity investments	667,689,454.40	561,591,826.81
Interest income of entrusting loan		5,154,122.11
Other financial gains	5,770,023.75	10,488,501.05
Total	775,596,113.79	692,595,007.61

Lianyungang Port Group Co., Ltd.

April 25, 2022

This report is written in Chinese and in English. Both Versions are originals. In the event of any inconsistency or conflict between the Chinese version and the English version, the Chinese version shall prevail.

ISSUER

Shanghai (Hong Kong) International Investments Limited

Room 1401, West Tower, Shun Tak Centre

168–200 Connaught Road Central

Hong Kong

GUARANTOR

Lianyungang Port Group Co., Ltd.

Zhonghua West Road 18-5

Lianyun District, Lianyungang

China

TRUSTEE

**China Construction Bank (Asia)
Corporation Limited**
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

**China Construction Bank (Asia)
Corporation Limited**
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

LEGAL ADVISERS

*To the Issuer and the Guarantor as to
English law and Hong Kong law*

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Hong Kong

To the Issuer and the Guarantor as to PRC law

JunHe LLP
20th Floor China Resources Building
8 Jianguomenbei Avenue
Beijing
China

*To the Joint Lead Managers and
the Trustee as to English law*

Linklaters
11th Floor, Alexandra House
Chater Road
Central
Hong Kong

To the Joint Lead Managers as to PRC law

Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road
Beijing
China

AUDITORS

To the Guarantor

Jiangsu Suya Jincheng Certified Public Accountants LLP

7th Floor, Guotou Building

Tongguan South Road, Lianyungang

Jiangsu

China