

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File number 001-38605

GREENLAND TECHNOLOGIES HOLDING CORPORATION

(Exact name of registrant as specified in charter)

British Virgin Islands

(State or other jurisdiction of
incorporation or organization)

**50 Millstone Road, Building 400 Suite 130
East Windsor, NJ
United States**

(Address of principal executive offices)

001-38605

(I.R.S. Employer
Identification No.)

08512

(Zip Code)

1 (888) 827-4832

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, no par value	GTEC	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of May 15, 2024, there were 13,594,530 ordinary shares of the registrant outstanding.

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FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, Financial Statements and Notes to Financial Statements contain forward-looking statements that discuss, among other things, future expectations and projections regarding future developments, operations and financial conditions. Forward-looking statements may appear throughout this report and other documents we file with the U.S. Securities and Exchange Commission (“SEC”), including without limitation, the following sections: Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q.

Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “may,” “could,” “will likely result,” and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. In addition, there is uncertainty about the future development of the COVID-19 pandemic and the impact it may have on the Company’s operations, the demand for the Company’s products or services, global supply chains and economic activity in general. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**GREENLAND TECHNOLOGIES HOLDING CORPORATION
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024**

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GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2024 AND DECEMBER 31, 2023

(IN U.S. DOLLARS)

	March 31,	December 31,
	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,985,073	\$ 22,981,324
Restricted cash	3,850,217	5,208,063
Short Term Investment	2,794,690	2,818,068
Notes receivable	32,125,580	27,135,249
Accounts receivable, net	21,159,628	16,483,533
Inventories, net	24,746,244	24,596,795
Due from related parties-current, net	228,311	225,927
Advance to suppliers	606,469	288,578
Prepayments and other current assets	1,878,130	53,204
Total Current Assets	\$ 103,374,342	\$ 99,790,741
Non-current asset		
Property, plant, equipment and construction in progress, net	14,110,492	13,698,997
Land use rights, net	3,369,694	3,448,505
Other intangible assets	162,579	189,620
Deferred tax assets	437,459	256,556
Right-of-use assets	1,996,392	2,125,542
Fixed deposit	15,395,169	9,916,308
Other non-current assets	335,304	1,050,698
Total non-current assets	\$ 35,807,089	\$ 30,686,226
TOTAL ASSETS	\$ 139,181,431	\$ 130,476,967

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2024 AND DECEMBER 31, 2023 (Continued)

(IN U.S. DOLLARS)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Current Liabilities		
Short-term bank loans	\$ 8,254,505	\$ 3,042,296
Notes payable-bank acceptance notes	33,167,150	36,712,562
Accounts payable	30,845,465	25,272,528
Taxes payables	745,662	758,307
Customer deposits	339,838	137,985
Due to related parties	4,021,592	4,021,636
Other current liabilities	1,947,696	2,091,507
Lease liabilities	488,568	487,695
Total current liabilities	\$ 79,810,476	\$ 72,524,516
Non-current liabilities		
Lease liabilities	1,560,279	1,684,614
Deferred revenue	1,447,490	1,529,831
Warrant liability	3,049,299	4,084,605
Total non-current liabilities	\$ 6,057,068	\$ 7,299,050
TOTAL LIABILITIES	\$ 85,867,544	\$ 79,823,566
COMMITMENTS AND CONTINGENCIES	-	-
Shareholders' equity		
Ordinary shares, no par value, unlimited shares authorized; 13,594,530 and 13,594,530 shares issued and outstanding as of March 31, 2024 and December 31, 2023.	-	-
Additional paid-in capital	30,286,560	30,286,560
Statutory reserves	3,842,331	3,842,331
Retained earnings	21,037,336	18,535,133
Accumulated other comprehensive loss	(3,237,602)	(2,583,794)
Total shareholders' equity	\$ 51,928,625	\$ 50,080,230
Non-controlling interest	1,385,262	573,171
TOTAL EQUITY	\$ 53,313,887	\$ 50,653,401
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 139,181,431	\$ 130,476,967

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended March 31,	
	2024	2023
Revenues	\$ 22,723,591	\$ 22,149,360
Cost of goods sold	17,076,522	16,625,930
Gross profit	5,647,069	5,523,430
Selling expenses	549,496	387,485
General and administrative expenses	2,183,429	1,641,904
Research and development expenses	987,724	1,119,891
Total operating expenses	\$ 3,720,649	\$ 3,149,280
INCOME FROM OPERATIONS	\$ 1,926,420	\$ 2,374,150
Interest income	169,213	30,393
Interest expense	(43,840)	(66,493)
Change in fair value of the warrant liability	1,035,306	-
Other income	296,148	417,382
INCOME BEFORE INCOME TAX	\$ 3,383,247	\$ 2,755,432
INCOME TAX BENEFIT (EXPENSE)	(186,001)	296,858
NET INCOME	\$ 3,569,248	\$ 2,458,574
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	1,067,045	1,011,599
NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES	\$ 2,502,203	\$ 1,446,975
OTHER COMPREHENSIVE INCOME (LOSS):	(908,762)	317,332
Unrealized foreign currency translation income (loss) attributable to Greenland Technologies Holding Corporation and subsidiaries	(653,808)	212,352
Unrealized foreign currency translation income (loss) attributable to non-controlling interest	(254,954)	104,980
Total comprehensive income attributable to Greenland technologies holding corporation and subsidiaries	1,848,395	1,659,327
Total comprehensive income attributable to noncontrolling interest	812,091	1,116,579
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:	13,594,530	12,978,504
Basic and diluted	0.18	0.11

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED, IN U.S. DOLLARS, EXCEPT FOR SHARE DATA)

	Ordinary Shares No Par Value		Additional Paid-in Capital	Accumulated Other	Statutory Reserve	Retained Earnings	Non- controlling Interest	Total
	Shares	Amount		Comprehensive Income/(loss)				
Balance as of December 31, 2022	12,978,504	-	\$32,955,927	\$ (2,831,419)	3,842,331	\$37,228,261	\$13,722,663	\$84,917,763
Net income	-	-	-	-	-	1,446,975	1,011,599	2,458,574
Foreign currency translation adjustment	-	-	-	212,352	-	-	104,980	317,332
Balance as of March 31, 2023	12,978,504	-	\$32,955,927	\$ (2,619,067)	3,842,331	\$38,675,236	\$14,839,242	\$87,693,669
Balance as of December 31, 2023	13,594,530	-	\$30,286,560	\$ (2,583,794)	3,842,331	\$18,535,133	\$ 573,171	\$50,653,401
Net income	-	-	-	-	-	2,502,203	1,067,045	3,569,248
Foreign currency translation adjustment	-	-	-	(653,808)	-	-	(254,954)	(908,762)
Balance as of March 31, 2024	13,594,530	-	\$30,286,560	\$ (3,237,602)	3,842,331	\$21,037,336	\$ 1,385,262	\$53,313,887

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,569,248	\$ 2,458,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	589,841	542,713
Amortization of deferred subsidy	(57,081)	-
Increase in allowance for credit losses	570,841	240,845
Increase(Decrease) in provision for inventory	(120,540)	59,521
Change in fair value of warrant liability	(1,035,306)	-
Deferred tax assets	(186,001)	(51,647)
Non-cash lease expenses	158,643	-
Accrued interest income derived from loan to RP	(2,385)	-
Accrued expense	789,706	-
Changes in operating assets and liabilities:		
Decrease (Increase) In:		
Accounts receivable	(5,543,704)	(5,243,127)
Notes receivable	(5,466,894)	(107,492)
Inventories	(414,082)	636,181
Advance to suppliers	(320,644)	(212,885)
Other current and noncurrent assets	(6,121,868)	2,874,700
Increase (Decrease) In:		
Accounts payable	6,020,879	3,510,741
Customer deposits	205,041	(32,504)
Other current liabilities	(905,069)	(574,123)
Income tax payable	-	(34,633)
Due to related parties	-	(8,611)
Lease liabilities	(152,955)	-
Other non-current liabilities	-	(301,935)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (8,422,330)	\$ 3,756,318

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (Continued)

(UNAUDITED, IN U.S. DOLLARS)

	For the three months ended March 31,	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of long-term assets	\$ (1,185,032)	\$ (16,929)
Loan lent to third parties	(695,555)	-
Proceeds from government grants for construction	-	262,145
Investment in a joint venture	-	(50,000)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	\$ (1,880,587)	\$ 195,216
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	\$ 5,564,443	\$ 1,169,197
Repayments of short-term bank loans	(278,222)	(2,481,621)
Notes payable	(2,946,199)	(3,175,115)
Proceeds from third parties	-	1,461,497
Repayment of loans from third parties	-	(438,449)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 2,340,022	\$ (3,464,491)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	\$ (7,962,895)	\$ 487,043
Effect of exchange rate changes on cash	(391,202)	44,518
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	28,189,387	19,729,056
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 19,835,290	\$ 20,260,617
Bank balances and cash	15,985,073	15,401,387
Bank balances and cash included in assets classified as restricted cash	3,850,217	4,859,230
Supplemental Disclosure of Cash Flow Information		
Income taxes paid	181,149	-
Interest paid	27,858	77,073

The accompanying notes are an integral part of the unaudited consolidated financial statements.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND PRINCIPAL ACTIVITIES

Greenland Technologies Holding Corporation (the “Company” or “Greenland”) designs, develops, manufactures and sells components and products for the global material handling industries.

Through its PRC subsidiaries, Greenland offers transmission products, which are key components for forklift trucks used in manufacturing and logistic applications, such as factories, workshops, warehouses, fulfilment centers, shipyards, and seaports. Forklifts play an important role in the logistic systems of many companies across different industries in China and globally. Generally, industries with the largest demand for forklifts include the transportation, warehousing logistics, electrical machinery, and automobile industries.

Greenland’s transmission products are used in 1-ton to 15-tons forklift trucks, some with mechanical shift and some with automatic shift. Greenland sells these transmission products directly to forklift-truck manufacturers. In the three months ended March 31, 2024 and 2023, Greenland sold an aggregate of 41,866 and 36,841 sets of transmission products, respectively, to more than 100 forklift manufacturers in the PRC.

In January 2020, Greenland launched HEVI Corp. (“HEVI”), formerly known as Greenland Technologies Corp. to focus on the production and sale of electric industrial vehicles to meet the increasing demand for electric industrial vehicles and machinery powered by sustainable energy in order to reduce air pollution and lower carbon emissions. HEVI is a wholly owned subsidiary of Greenland incorporated under the laws of the State of Delaware. HEVI’s electric industrial vehicle products currently include GEF-series electric forklifts, a series of lithium powered forklifts with three models ranging in size from 1.8 tons to 3.5 tons, GEL-1800, a 1.8 ton rated load lithium powered electric wheeled front loader, GEX-8000, an all-electric 8.0 ton rated load lithium powered wheeled excavator, and GEL-5000, an all-electric 5.0 ton rated load lithium wheeled front loader. In addition, HEVI introduced a line of mobile DC battery chargers that support DC powered EV applications in the North America market. These products are available for purchase in the United States (“U.S.”) market. In August 2022, Greenland launched a 54,000 square foot industrial electric vehicle assembly site in Baltimore, Maryland to support local services, assembly and distribution of its electric industrial heavy equipment products line.

Greenland serves as the parent company of Zhongchai Holding (Hong Kong) Limited, a holding company formed under the laws of the Hong Kong Special Administrative Region (“Hong Kong”) on April 23, 2009 (“Zhongchai Holding”). Zhongchai Holding’s subsidiaries include Zhejiang Zhongchai Machinery Co. Ltd., an operating company formed under the laws of the People’s Republic of China (the “PRC” or “China”) in 2005, Hangzhou Greenland Energy Technologies Co., Ltd. (“Hangzhou Greenland”), an operating company formed under the laws of the PRC in 2019, and Hengyu Capital Limited, a company formed in Hong Kong on August 16, 2022 (“Hengyu Capital”). Through Zhongchai Holding and its subsidiaries, Greenland develops and manufactures traditional transmission products for material handling machineries in the PRC.

Greenland was incorporated on December 28, 2017 as a British Virgin Islands company with limited liability. Following the Business Combination (as described and defined below) in October 2019, the Company changed its name from Greenland Acquisition Corporation to Greenland Technologies Holding Corporation.

The COVID-19 pandemic has significantly affected business and manufacturing activities within China, including travel restrictions, widespread mandatory quarantines, and suspension of business activities within China. Chinese industries have gradually resumed businesses since the Chinese government lifted its COVID-19 protocols and measures in December 2022. Currently, the COVID-19 pandemic has no significant impact on our operations.

The Company’s Shareholders

As of March 31, 2024, Cenntro Holding Limited owned 45.69% of Greenland’s outstanding ordinary shares. Cenntro Holding Limited is controlled and beneficially owned by Mr. Peter Zuguang Wang, the chairman of the board of directors of the Company.

The Company’s Subsidiaries

Zhongchai Holding, an indirect wholly owned subsidiary of the Company, owns 71.576% of the equity interests in Zhejiang Zhongchai Machinery Co., Ltd. (“Zhejiang Zhongchai”), 100% of the equity interests in Hangzhou Greenland Energy Technologies Co., Ltd Co., Ltd (“Hangzhou Greenland”), and 62.5% of the equity interests in Hengyu Capital, Ltd. (“Hengyu Capital”). HEVI (formerly known as Greenland Technologies Corp.) is a wholly owned subsidiary of Greenland and Greenland Holding Enterprises Inc. is a wholly owned subsidiary of Greenland.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Zhejiang Zhongchai

Zhejiang Zhongchai, a limited liability company registered on November 21, 2005, is the direct operating subsidiary of Zhongchai Holding in the PRC. On April 5, 2007, Usunco Automotive Limited (“Usunco”), a British Virgin Islands limited liability company, invested US\$8,000,000 for purchasing approximately a 75.4717% equity interest of Zhejiang Zhongchai. On December 16, 2009, Usunco agreed to transfer its 75.4717% interest in Zhejiang Zhongchai to Zhongchai Holding. On April 26, 2010, Xinchang County Keyi Machinery Co., Ltd. transferred 24.5283% equity interest it owned in Zhejiang Zhongchai to Zhongchai Holding in exchange for a consideration of US\$2.6 million. On November 1, 2017, Xinchang County Jiuxin Investment Management Partnership (LP) (“Jiuxin”), an entity controlled and beneficially owned by Mr. He Mengxing, president of Zhejiang Zhongchai, completed its investment of approximately RMB31,590,000 in Zhejiang Zhongchai for a 10.53% equity interest. On December 29, 2021, Xinchang County Jiuhe Investment Management Partnership (LP) (“Jiuhe”), an entity controlled and beneficially owned by Mr. He Mengxing, president of Zhejiang Zhongchai, completed its investment of approximately RMB34,300,000 in Zhejiang Zhongchai for a 20.00% equity interest. As of March 31, 2024, Zhongchai Holding owned approximately 71.576% of the equity interests, Jiuxin owned approximately 8.424% of the equity interests, and Jiuhe owned approximately 20.00% of the equity interests in Zhejiang Zhongchai.

Through Zhejiang Zhongchai, the Company has been engaging in the manufacturing and sales of transmission systems mainly for forklift trucks since 2006. These forklift trucks are used in manufacturing and logistics applications, such as factory, workshop, warehouse, fulfilment centers, shipyards and seaports. The transmission systems are the key components for forklift trucks. The Company supplies transmission systems to forklift truck manufacturers. Its transmission systems fit for forklift trucks ranging from 1 to 15 tons, with either mechanical shift or automatic shift. All the products are currently manufactured at the Company’s facility in Xinchang, Zhejiang Province, the PRC and are sold to both domestic and oversea markets.

Hangzhou Greenland

Hangzhou Greenland is a limited liability company registered on August 9, 2019 in Hangzhou Sunking Plaza, Zhejiang, the PRC. Hangzhou Greenland engages in the business of trading construction engineering machinery, electronic components, hardware, and others.

HEVI

HEVI, formerly known as Greenland Technologies Corp. prior to May 2022, was incorporated on January 14, 2020 under the laws of the State of Delaware. HEVI is a wholly owned subsidiary of Greenland and promotes sales of sustainable alternative products for the heavy industrial equipment industry, including electric industrial vehicles, in the North American market.

Hengyu Capital

Hengyu Capital is a limited liability company registered on August 16, 2022 in Hong Kong. The main business of Hengyu Capital is to engage in investment management and consulting services.

Greenland Holding Enterprises Inc.

Greenland Holding Enterprises Inc. is a holding company registered on August 28, 2023 in the State of Delaware with no operations.

Details of the Company’s subsidiaries, which are included in these unaudited consolidated financial statements as of March 31, 2024, are as follows:

Name	Domicile and Date of Incorporation	Paid-in Capital	Ownership Percentage	Principal Activities
Zhongchai Holding (Hong Kong) Limited	Hong Kong April 23, 2009	HKD 10,000	100%	Holding
Zhejiang Zhongchai Machinery Co., Ltd.	PRC November 21, 2005	RMB 25,000,000	71.576%	Manufacture, sale of various transmission boxes
Hangzhou Greenland Energy Technologies Co., Ltd.	PRC August 8, 2020	RMB 7,224,922	100%	Trading
HEVI Corp.	Delaware January 14, 2020	USD 6,363,557	100%	U.S. operation and distribution of electric industrial vehicles for North American market
Hengyu Capital, Ltd	Hong Kong August 16, 2022	HKD 10,000	62.5%	Investment management and consulting services
Greenland Holding Enterprises Inc.	Delaware August 28, 2023	USD 1	100%	Holding

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for information pursuant to the rules and regulations of the U.S. Securities and Exchange Commission.

Principles of Consolidation

The unaudited consolidated financial statements include the financial statements of Greenland Technologies Holding Corporation and its subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation. Certain reclassifications to previously reported financial information have been made to conform to the current period presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. Actual results could differ from those estimates. Significant estimates in the three months ended March 31, 2024 and 2023 include allowance for expected credit losses, reserve for inventories, fair value of warrant liability, useful life of property, plant and equipment, assumptions used in assessing impairment of long-term assets, estimates used in accounting for leases in accordance with FASB ASC 842, Leases and valuation of deferred tax assets and accruals for taxes due.

Non-controlling Interest

Non-controlling interests in the Company’s subsidiaries are recorded in accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 810 Consolidation (“ASC 810”) and are reported as a component of equity, separate from the parent’s equity. Purchase or sale of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency Translation

Since the Company operates primarily in the PRC, the Company’s functional currency is the Renminbi (“RMB”). The Company’s financial statements have been translated into the reporting currency of the United States Dollar (“USD”, “US\$” or “\$”). Assets and liabilities of the Company are translated at the exchange rate at each reporting period end date. Equity is translated at the historical exchange rate when the transaction occurs. Income and expense accounts are translated at the average rate of exchange during the reporting period. The resulting translation adjustments are reported under other comprehensive income (loss). Gains and losses resulting from the translation of foreign currency transactions and balances are reflected in the results of operations.

	As of	
	March 31, 2024	December 31, 2023
Period end RMB: US\$ exchange rate	7.2203	7.0999
	For the three months ended March 31,	
	2024	2023
Period average RMB: US\$ exchange rate	7.1885	6.8423

The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. The PRC government imposes significant exchange restrictions on fund transfers out of the PRC that are not related to business operations.

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains its bank accounts with various financial institutions primarily in mainland China and the U.S. The Company has not experienced any losses in bank accounts.

Restricted Cash

Restricted cash represents amounts held by a bank as security for bank acceptance bills, as well as the financial product secured for the short-term bank loan and therefore is not available for the Company’s use until such time as the bank acceptance notes and bank loans have been fulfilled or expired, normally within a twelve-month period.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820, *Fair Value Measurements and Disclosures*, to the financial instruments that are required to be carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company uses a three-tier fair value hierarchy based upon observable and non-observable inputs that prioritizes the information used to develop our assumptions regarding fair value. Fair value measurements are separately disclosed by level within the fair value hierarchy.

- Level 1—defined as observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2—defined as inputs other than quoted prices in active markets, that are either directly or indirectly observable; and
- Level 3—defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company’s financial assets and liabilities, which include financial instruments as defined by FASB ASC 820, include cash, cash equivalents and restricted cash, short term investment, accounts receivable, notes receivables, due from related party, fixed deposit, short term bank loans, accounts payable, other payable, notes payable and warrant liability. As of March 31, 2024 and December 31, 2023, the carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, notes receivables, notes payables and accounts payable were approximation of their fair value due to the short-term nature. As of March 31, 2024 and December 31, 2023, fixed deposits and bank loans were measured at amortized cost.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table summarizes the fair value measurements of assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2024:

(amount in absolute value)	Active Market for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Carrying Value
Short term investment	\$ 2,794,690	-	-	\$ 2,794,690
Warrants liability	-	3,049,299	-	3,049,299
Total	\$ 2,794,690	3,049,299	-	\$ 5,843,989

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are stated at the historical carrying amount net of allowance for expected credit losses.

The Company adopted ASU No. 2016-13, “Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments” on January 1, 2023 using a modified retrospective approach. The Company also adopted this guidance to notes receivable and due from related parties.

To estimate expected credit losses, the Company has identified the relevant risk characteristics of its customers and the related receivables. The Company considers the past collection experience, current economic conditions, future economic conditions (external data and macroeconomic factors) and changes in the Company’s customer collection trends. The allowance for expected credit losses and corresponding receivables were written off when they are determined to be uncollectible.

Inventories

Inventories are stated at the lower of cost or net realizable value, which is based on estimated selling prices less any further costs expected to be incurred for completion and disposal. Cost of raw materials is calculated using the weighted average method and is based on purchase cost. Work-in-progress and finished goods costs are determined using the weighted average method and comprise direct materials, direct labor and an appropriate proportion of overhead.

Advance to Suppliers

Advance to suppliers represents interest-free cash paid in advance to suppliers for purchases of parts and/or raw materials. The balance of advance to suppliers was \$0.61 million and \$0.29 million as of March 31, 2024 and December 31, 2023, respectively.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation, and include expenditure that substantially increases the useful lives of existing assets. Expenditures for repairs and maintenance, which do not extend the useful life of the assets, are expensed as incurred.

Depreciation is provided over their estimated useful lives, using the straight-line method. Estimated useful lives are as follows:

Plant, buildings and improvements	20 years
Machinery and equipment	2~10 years
Motor vehicles	4 years
Office equipment	3~5 years
Fixtures and decorations	5 years

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When assets are sold or retired, their costs and accumulated depreciation are eliminated from the consolidated financial statements and any gain or loss resulting from their disposal is recognized in the period of disposition as an element of other income. The cost of maintenance and repairs is charged to income as incurred, whereas significant renewals and betterments are capitalized.

Construction in process

Property and equipment that are purchased or constructed which require a period of time before the assets are ready for their intended use are accounted for as construction-in-progress. Construction-in-progress is recorded at acquisition cost, including installation costs. Construction-in-progress is transferred to specific property and equipment accounts and commences depreciation when these assets are ready for their intended use.

Land Use Rights

According to the PRC laws, the government owns all the land in the PRC. Companies or individuals are authorized to possess and use the land only through land use rights granted by the Chinese government. The land use rights granted to the Company are being amortized using the straight-line method over the lease term of fifty years.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable in accordance with FASB ASC 360, "Property, Plant and Equipment".

In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the asset and eventual disposition in accordance with FASB ASC 360-10-15. To the extent that estimated future, undiscounted cash inflows attributable to the asset, less estimated future, undiscounted cash outflows, are less than the carrying amount, an impairment loss is recognized in an amount equal to the difference between the carrying value of such asset and its fair value. Assets to be disposed of and for which there is a committed plan of disposal, whether through sale or abandonment, are reported at the lower of carrying value or fair value less costs to sell. There was no impairment loss recognized for the three months ended March 31, 2024 and 2023.

Lease

ASC 842 supersedes the lease requirements in ASC 840 "Leases," and generally requires lessees to recognize operating and finance lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. Leases that transfer substantially all of the benefits and risks incidental to the ownership of assets are accounted for as finance leases as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases.

A sale-leaseback transaction occurs when an entity sells an asset it owns and immediately leases the asset back from the buyer. The seller then becomes the lessee and the buyer becomes the lessor. Under ASC 842, both parties must assess whether the buyer-lessor has obtained control of the asset and a sale has occurred.

The Company has leased premises for its offices under non-cancellable operating leases since May 2021 and its assembly site under non-cancellable operating leases since June 2022. Operating lease payments are expensed over the term of lease using straight line method. The Company's office leases have a 3-year term and the lease of its assembly site has a 5.5-year term. Usually within four months prior to the expiration date of a lease, the Company is required to notify the lessor and has a priority to continue renting the lease property if a lessor intends to lease property. The lease itself does not have restrictions or covenants. Any damage, if made by the lessee, to the property and equipment within the property has to be fixed or reimbursed by the lessee. The Company does not have any leases entered into that have not yet commenced. Under the terms of the lease agreements, the Company has no legal or contractual asset retirement obligations at the end of the leases.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

In accordance with ASC Topic 606, “Revenue from Contracts with Customers,” the Company recognizes revenues when goods or services are transferred to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. In determining when and how revenues are recognized from contracts with customers, the Company performs the following five-step analysis: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations and (v) recognition of revenues when (or as) the Company satisfies each performance obligation. The Company derives revenues from the processing, distribution and sale of its products. The Company recognizes its revenues net of value-added taxes (“VAT”). The Company is subject to VAT which had been levied at the rate of 17% on the invoiced value of sales until April 30, 2018, after which date the rate was reduced to 16%. VAT rate was further reduced to 13% starting from April 1, 2019. Output VAT is borne by customers in addition to the invoiced value of sales and input VAT is borne by the Company in addition to the invoiced value of purchases to the extent not refunded for export sales.

Revenues are recognized at a point in time once the Company has determined that the customer has obtained control over the product. Control is typically deemed to have been transferred to the customer when the performance obligation is fulfilled, usually at the time of customers’ acceptance or consumption, at the net sales price (transaction price) and each of the criteria under ASC 606 have been met. Contract terms may require the Company to deliver the finished goods to the customers’ location or the customer may pick up the finished goods at the Company’s factory. International sales are recognized when shipment clears customs and leaves the port. Payments due within two months after customers’ acceptance or consumption.

The Company adopted ASC 606 on January 1, 2018, using the transition method of Modified-Retrospective Method (“MRM”). The adoption of ASC 606 had no impact on the Company’s beginning balance of retained earnings.

The Company’s contracts are all short-term in nature with a contract term of one year or less. Receivables are recorded when the Company has an unconditional right to consideration.

Contracts do not offer any price protection but allow for the return of certain goods if there is a quality problem, which is standard warranty. The Company’s product returns and recorded reserve for sales returns were minimal for the three months ended March 31, 2024 and 2023. The total sales return amount accounted for around 0.06% and 0.07% of the total revenue of Greenland for the three months ended March 31, 2024 and 2023. The total warrants expenditures amount accounted for around 0.44% and 0.46% of the total revenue of Greenland for the three months ended March 31, 2024 and 2023.

The following table sets forth disaggregation of revenue:

	For the three months ended March 31,	
	2024	2023
Major Product		
Transmission boxes for Forklift	\$ 21,774,394	\$ 20,868,739
Transmission boxes for Non-Forklift (EV, etc.)	949,197	1,280,621
Total	\$ 22,723,591	\$ 22,149,360

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost of Goods Sold

Cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, internal transfer costs, wages, employee compensation, amortization, depreciation and related costs, which are directly attributable to the production of products. Write-down of inventory to lower of cost or net realizable value is also recorded in cost of goods sold.

Selling Expenses

Selling expenses include operating expenses such as payroll and traveling and transportation expenses.

General and Administrative Expenses

General and administrative expenses include management and office salaries and employee benefits, depreciation for office facility and office equipment, travel and entertainment, legal and accounting, consulting fees and other office expenses.

Research and Development

Research and development costs are expensed as incurred and totaled approximately \$0.99 million and \$1.12 million for the three months ended March 31, 2024 and 2023, respectively. Research and development costs are incurred on a project specific basis.

Government Subsidies

Government subsidies are recognized when there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with. When the subsidy relates to an expense item, it is recognized as income over the periods necessary to match the subsidy on a systematic basis to the costs that it is intended to compensate. Where the subsidy relates to an asset, it is recognized as other long-term liabilities and is released to the statement of operations over the expected useful life in a consistent manner with the depreciation method for the relevant asset. Total government subsidies recorded in the other long-term liabilities were \$1.45 million and \$1.53 million as of March 31, 2024 and December 31, 2023, respectively.

Income Taxes

The Company accounts for income taxes following the liability method pursuant to FASB ASC 740 "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in income in the period that includes the enactment date.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company also follows FASB ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of March 31, 2024 and December 31, 2023, the Company did not have a liability for unrecognized tax benefits. It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense and interest expense, respectively, as necessary. The Company's historical tax years will remain open for examination by the local authorities until the statute of limitations has passed.

Value-Added Tax

Enterprises or individuals, who sell commodities, engage in repair and maintenance or import or export goods in the PRC are subject to a value added tax in accordance with PRC Laws. The VAT standard rate had been 17% of the gross sale price until April 30, 2018, after which date the rate was reduced to 16%. VAT rate was further reduced to 13% starting from April 1, 2019. A credit is available whereby VAT paid on the purchases of semi-finished products or raw materials used in the production of the Company's finished products can be used to offset the VAT due on the sales of the finished products.

Statutory Reserve

In accordance with the PRC Regulations on Enterprises with Foreign Investment, an enterprise established in the PRC with foreign investment is required to provide for certain statutory reserves, namely (i) a General Reserve Fund, (ii) an Enterprise Expansion Fund and (iii) a Staff Welfare and Bonus Fund, which are appropriated from net profit as reported in the enterprise's PRC statutory accounts. A wholly owned foreign enterprise is required to allocate at least 10% of its annual after-tax profit to the General Reserve Fund until the balance of such fund has reached 50% of its respective registered capital. A non-wholly owned foreign invested enterprise is permitted to provide for the above allocation at the discretion of its board of directors. Appropriations to the Enterprise Expansion Fund and Staff Welfare and Bonus Fund are at the discretion of the board of directors for all foreign invested enterprises. The reserves can only be used for specific purposes and are not distributable as cash dividends.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during the year from transactions and other events, excluding the changes resulting from investments by owners and distributions to owners, and is not included in the computation of income tax expense or benefit. Accumulated comprehensive income consists of foreign currency translation. The Company presents comprehensive income (loss) in accordance with ASC Topic 220, "Comprehensive Income".

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per share

The Company calculates earnings per share in accordance with ASC Topic 260 “Earnings per Share.” Basic earnings per share is computed by dividing the net income(loss) attributable to Greenland Technologies Holding Corporation, by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional ordinary shares that would have been outstanding if the potential ordinary shares equivalents had been issued and if the additional ordinary shares were dilutive.

Segments and Related Information

ASC 280 “Segment reporting” establishes standards for reporting information on operating segments in interim and annual financial statements. All of the Company’s operations are considered by the chief operating decision maker to be aggregated in one reportable operating segment.

The Company is engaged in the business of manufacturing and selling various transmission boxes. The Company’s manufacturing process is essentially the same for the entire Company and is performed in-house at the Company’s facilities in the PRC. The Company’s customers primarily consist of entities in the automotive, construction machinery or warehousing equipment industries. The distribution of the Company’s products is consistent across the entire Company. In addition, the economic characteristics of each customer arrangement are similar in that the Company maintains policies at the corporate level.

Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, including legal proceedings and environmental claims arising out of the normal course of businesses that relate to a wide range of matters, including among others, contracts breach liability. The Company records accruals for such contingencies based upon the assessment of the probability of occurrence and, where determinable, an estimate of the liability. Management may consider many factors in making these assessments including past history, scientific evidence and the specifics of each matter. The Company’s management has evaluated all such proceedings and claims that existed as of March 31, 2024 and December 31, 2023. Normal course of businesses that relate to a wide range of matters, including among others, contracts breach liability. The Company records accruals for such contingencies based upon the assessment of the probability of occurrence and, where determinable, an estimate of the liability. Management may consider many factors in making these assessments including past history, scientific evidence and the specifics of each matter. The Company’s management has evaluated all such proceedings and claims that existed as of March 31, 2024 and December 31, 2023.

Related Party

In general, related parties exist when there is a relationship that offers the potential for transactions at less than arm’s-length, favorable treatment, or the ability to influence the outcome of events different from that outcome which might result in the absence of that relationship. A related party may be any of the following: a) an affiliate, which is a party that directly or indirectly controls, is controlled by, or is under common control with another party; b) a principle owner, owner of record or known beneficial owner of more than 10% of the voting interest of an entity; c) management, which are persons having responsibility for achieving objectives of the entity and requisite authority to make decision; d) immediate family of management or principal owners; e) a parent company and its subsidiaries; f) other parties that have ability to significant influence the management or operating policies of the entity; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its or their own separate interests. The Company discloses all significant related party transactions.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertainty and Risks

Political, Social and Economic Risks

A significant portion of the Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC economy.

The Company's operations in the PRC are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances abroad, and rates and methods of taxation, among other things.

Currency Exchange Risk

The Company cannot guarantee that the current exchange rate will remain steady. Therefore, there is a possibility that the Company could post the same amount of profit for two comparable periods and yet, because of the fluctuating exchange rate, record higher or lower profit depending on exchange rate of RMB converted to U.S. dollars on the relevant dates. The exchange rate could fluctuate depending on changes in the political and economic environment without notice.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash in bank and accounts receivable.

The Company places its cash with financial institutions in the PRC and the U.S. Balances at financial institutions and state-owned banks within the PRC are covered by insurance up to RMB500,000 (USD70,000) per bank. As of March 31, 2024 and December 31, 2023, the Company's bank account balance in the PRC was \$32,560,610 and \$33,033,191, respectively, exceeding PRC deposit insurance of RMB500,000 (USD70,000) as of each year end. To date, the Company has not experienced any losses in such accounts.

The Company's bank deposits in the U.S. are insured to the maximum extent permitted by the Deposit Insurance Fund in the U.S. Dodd-Frank permanently increased the maximum amount of deposit insurance to \$250,000 per depositor, per insured institution for each account ownership category. Federal Deposit Insurance Corporation ("FDIC") insurance is backed by the full faith and credit of the United States government. As of March 31, 2024 and December 31, 2023, the Company's bank account balance in the United States was \$1,411,614 and \$3,797,076, respectively, exceeding FDIC insurance of \$250,000 as of each year end. To date, the Company has not experienced any losses in such accounts.

The Company conducts credit evaluations of customers, and generally does not require collateral or other security from its customers. The Company establishes an allowance for expected credit losses primarily based upon the factors surrounding the credit risk of specific customers.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in the ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). Management's assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period-end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, they are recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, they are recorded as warrant liability at their initial fair value on the date of issuance and subject to remeasurement each balance sheet date with changes in the estimated fair value of the warrants to be recognized as a non-cash gain or loss in the statement of operations.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or may be required to adopt in the future are summarized below:

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). On November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Company adopted this guidance on January 1, 2023, and the adoption did not have a material impact on its consolidated financial statements.

In March 2023, the FASB issued an ASU to amend certain provisions of ASC 842 that apply to arrangements between related parties under common control. The ASU amends the accounting for the amortization period of leasehold improvements in common-control leases for all entities and requires certain disclosures when the lease term is shorter than the useful life of the asset. This ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. We do not expect the application of this ASU to have a material impact on our consolidated financial statements or financial disclosures.

In November 2023, Accounting Standards Update (“ASU”) 2023-07, “Improvements to Reportable Segment Disclosures” was issued. ASU 2023-07 requires, among other updates, enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker, as well as the aggregate amount of other segment items included in the reported measure of segment profit or loss. This aims to provide more decision-useful information to stakeholders by giving a clearer picture of the costs incurred by each reportable segment. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. We are assessing the impact of this guidance on our disclosures.

In December 2023, ASU 2023-09, “Improvements to Income Tax Disclosures” was issued. ASU 2023-09 requires enhanced annual disclosures regarding the rate reconciliation and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and may be adopted on a prospective or retrospective basis. Early adoption is permitted. We are assessing the impact of this guidance on our disclosures.

Other accounting standards that have been issued by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on, or are unrelated to, its consolidated financial condition, results of operations, cash flows or disclosures.

NOTE 3 – SHORT TERM INVESTMENT

As of March 31, 2024 and December 31, 2023, the Company’s short term investment amounted to \$2,794,690 and \$2,818,068, respectively. On December 22, 2023, the Company purchased bank management products in a total amount of \$2,824,500 (RMB20,000,000). As of March 31, 2024, the fair value of the Company’s bank management products was \$2,794,690(RMB20,178,500).

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – CONCENTRATION ON REVENUES AND COST OF GOODS SOLD

Concentration of major customers and suppliers:

	For the three months ended March 31,			
	2024		2023	
	Major customers representing more than 10% of the Company's revenues			
Company A	\$ 3,214,771	14.15%	\$ 4,329,109	14.98%
Company B	2,540,367	11.18%	2,545,243	11.75
Total Revenues	\$ 5,755,138	25.33%	\$ 6,874,352	26.73%

	As of			
	March 31, 2024		December 31, 2023	
	Major customers of the Company's accounts receivable, net			
Company A	3,133,412	14.81%	2,143,828	12.36%
Company B	1,924,675	9.10%	1,582,994	9.12%
Company C	1,598,495	7.55%	1,415,116	8.16%
Company D	1,501,170	7.09%	1,370,447	7.90%
Company E	1,351,064	6.39%	1,192,684	6.87%
Company F	1,195,591	5.65%	746,874	4.30%
Total	\$ 10,704,407	50.59%	\$ 8,451,944	48.71%

Accounts receivable from the Company's major customers accounted for 50.59% and 48.71% of total accounts receivable balances as of March 31, 2024 and December 31, 2023, respectively.

There were no suppliers representing more than 10% of the Company's total purchases for the three months ended March 31, 2024 and 2023, respectively.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable is net of allowance for expected credit losses.

	As of	
	March 31, 2024	December 31, 2023
	Accounts receivable	\$ 22,581,348
Less: allowance for expected credit losses	(1,421,720)	(867,865)
Accounts receivable, net	\$ 21,159,628	\$ 16,483,533

Changes in the allowance for expected credit losses are as follows:

	As of	
	March 31, 2024	December 31, 2023
	Beginning balance	\$ 867,865
Additional provision charged to expense	570,841	127,646
Effect of FX change	(16,986)	(22,106)
Ending balance	\$ 1,421,720	\$ 867,865

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – INVENTORIES, NET

As of March 31, 2024 and December 31, 2023, inventories consisted of the following

	As of	
	March 31, 2024	December 31, 2023
Raw materials	\$ 9,363,172	\$ 9,337,110
Revolving material	1,157,597	1,143,558
Consigned processing material	66,593	60,754
Work-in-progress	2,372,074	2,501,368
Finished goods	12,299,745	12,192,937
Less: inventory impairment	(512,937)	(638,932)
Inventories, net	\$ 24,746,244	\$ 24,596,795

Changes in the inventory reserves are as follows:

	As of	
	March 31, 2024	December 31, 2023
Beginning balance	\$ 638,932	\$ 375,846
(Release of) inventory write-downs	120,540	271,233
Effect of FX change	(5,455)	(8,147)
Ending balance	\$ 512,937	\$ 638,932

NOTE 7 – NOTES RECEIVABLE

	As of	
	March 31, 2024	December 31, 2023
Bank notes receivable:	\$ 30,838,872	\$ 27,135,249
Commercial notes receivable	1,286,708	-
Total	\$ 32,125,580	\$ 27,135,249

Bank notes and commercial notes are means of payment from customers for the purchase of the Company's products and are issued by financial institutions or business entities, respectively, that entitle the Company to receive the full nominal amount from the issuers at maturity, which bear no interest and generally range from three to six months from the date of issuance. As of March 31, 2024, the Company pledged notes receivable for an aggregate amount of \$24.96 million to Bank of Hangzhou as a means of security for issuance of bank acceptance notes in an aggregate amount of \$20.34 million. As of December 31, 2023, the Company pledged notes receivable for an aggregate amount of \$21.85 million to Bank of Hangzhou as a means of security for issuance of bank acceptance notes in an aggregate amount of \$19.35 million. The Company expects to collect notes receivable within 6 months after the issuance date of bank acceptance notes.

Due to the short term, high-quality credit rating of these commercial banks and no losses have occurred in history, for the three months ended March 31, 2024 and 2023, the Company had no allowance for expected credit losses for notes receivable.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

(a) As of March 31, 2024 and December 31, 2023, property, plant and equipment consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
Buildings	\$ 11,254,060	\$ 11,444,906
Machinery	21,372,387	20,974,546
Motor vehicles	331,031	336,541
Electronic equipment	246,238	246,207
Fixed assets decoration*	-	-
Total property plant and equipment, at cost	33,203,716	33,002,200
Less: accumulated depreciation	(19,481,209)	(19,325,844)
Property, plant and equipment, net	\$ 13,722,507	\$ 13,676,356
Construction in process	387,985	22,641
Total	\$ 14,110,492	\$ 13,698,997

For the three months ended March 31, 2024 and 2023, depreciation expense amounted to \$0.49 million and \$0.54 million, respectively, of which \$0.30 million and \$0.30 million, respectively, was included in cost of revenue and inventories, and the remainder was included in general and administrative expense and research and development expenses, respectively.

For the three months ended March 31, 2024 and 2023, \$0.02 million and \$0 of construction-in-progress was converted into fixed assets.

Restricted assets consist of the following:

	As of	
	March 31, 2024	December 31, 2023
Buildings, net	\$ 1,958,936	\$ 2,024,994
Total	1,958,936	2,024,994

As of March 31, 2024, the Company pledged its ownership interests in certain buildings for book value of RMB14.14 million (\$1.96 million) as security with Communications Bank of PRC for its loan facility with maximum exposure of RMB60.01 million.

NOTE 9 – LAND USE RIGHTS

Land use rights consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
Land use rights, cost	\$ 4,261,125	\$ 4,333,386
Less: Accumulated amortization	(891,431)	(884,881)
Land use rights, net	\$ 3,369,694	\$ 3,448,505

As of March 31, 2024, the Company had land use rights with net book value of \$1.07 million, which were pledged as collateral for the Company's short-term bank loans. As of December 31, 2023, the Company had land use rights with net book value of \$1.14 million, which were pledged as collateral for the Company's short-term bank loans.

Estimated future amortization expense is as follows as of March 31, 2024:

Years ending March 31,	Amortization expense
2025	\$ 85,600
2026	85,600
2027	85,600
2028	85,600
2029	85,600
Thereafter	2,941,694
Total	\$ 3,369,694

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – FIXED DEPOSIT

As of March 31, 2024 and December 31, 2023, fixed deposit consisted of the following:

	As of	
	March 31, 2024	December 31, 2023
Three-year bank deposit	\$ 15,395,169	\$ 9,916,308
Total	\$ 15,395,169	\$ 9,916,308

All fixed deposit were deposited in local banks in the PRC and the deposit term is three years. Fixed deposits will expire in 2026.

NOTE 11 – NOTES PAYABLE

	As of	
	March 31, 2024	December 31, 2023
Bank acceptance notes	\$ 33,167,150	\$ 36,712,562
Total	\$ 33,167,150	\$ 36,712,562

The interest-free notes payable, ranging from six months to one year from the date of issuance, were secured by \$3.85 million and \$5.21 million restricted cash, and \$24.96 million and \$21.85 million notes receivable, as of March 31, 2024 and December 31, 2023, respectively.

All the notes payable are subject to bank charges of 0.05% of the principal amount as commission, included in the financial expenses in the statement of operations, on each loan transaction. The interest charge of notes payable is free.

NOTE 12 – ACCOUNTS PAYABLE

Accounts payable are summarized as follow:

	As of	
	March 31, 2024	December 31, 2023
Procurement of Materials	\$ 30,519,650	\$ 25,011,515
Infrastructure& Equipment	202,703	43,530
Freight fee	123,112	217,483
Total	\$ 30,845,465	\$ 25,272,528

NOTE 13 – SHORT TERM BANK LOANS

Short-term loans are summarized as follow:

	As of	
	March 31, 2024	December 31, 2023
Collateralized bank loans	\$ 2,714,569	\$ 2,760,602
Unsecured bank loans	5,539,936	281,694
Total	\$ 8,254,505	\$ 3,042,296

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 – SHORT TERM BANK LOANS (CONTINUED)

Short-term loans as of March 31, 2024 are as follow:

Maturity Date	Type	Bank Name	Interest Rate per Annum (%)	March 31, 2024
July 22, 2024	Operating Loans	Bank of Zheshang	3.60	\$ 1,329,585
July 25, 2024	Operating Loans	Bank of Hangzhou	3.55	1,384,984
March 18, 2025	Operating Loans	Agricultural Bank of China	2.90	2,769,968
March 25, 2025	Operating Loans	Industrial and Commercial Bank of Xinchang	2.90	\$ 2,769,968
Total				\$ 8,254,505

Short-term loans as of December 31, 2023 are as follow:

Maturity Date	Type	Bank Name	Interest Rate per Annum (%)	December 31, 2023
July 22, 2024	Operating Loans	Bank of Zheshang	3.60	\$ 1,352,132
July 25, 2024	Operating Loans	Bank of Hangzhou	3.55	1,408,470
February 22, 2024	Operating Loans	Industrial and Commercial Bank of Xinchang	3.45	\$ 281,694
Total				\$ 3,042,296

All short-term bank loans were obtained from local banks in the PRC and are repayable within one year.

The average annual interest rate of the short-term bank loans was 3.122% and 3.880% for the three months ended March 31, 2024 and 2023, respectively. The Company was in compliance with its loan financial covenants as of March 31, 2024 and December 31, 2023, respectively.

NOTE 14 – OTHER CURRENT LIABILITIES

Other current liabilities are summarized as follow:

	As of	
	March 31, 2024	December 31, 2023
Employee payables	119,999	807,615
Other tax payables	287,844	507,464
Other payable	100,704	115,443
Accrued expenses	1,439,149	660,985
Total	\$ 1,947,696	\$ 2,091,507

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 – DEFERRED REVENUE

Deferred revenue is summarized as follow:

	As of	
	March 31, 2024	December 31, 2023
Subsidy	1,447,490	1,529,831
Total	\$ 1,447,490	\$ 1,529,831

Subsidy mainly consists of an incentive granted by the Chinese government to encourage transformation of fixed assets in China and other miscellaneous subsidy from the Chinese government. As of March 31, 2024, grant income decreased by \$0.08 million, as compared to December 31, 2023. The change was mainly due to timing of incurring qualifying expenses.

NOTE 16 – LEASES

The Company leases its corporate offices and assembly site under operating leases, with initial terms of 3 years and 5.58 years, respectively. Usually within four months prior to the expiration date of a lease, the Company is required to notify the lessor and has a priority to continue renting the lease property if a lessor intends to lease property. The lease itself does not have restrictions or covenants. Any damage, if made by the lessee, to the property and equipment within the property has to be fixed or reimbursed by the lessee.

Supplemental balance sheet information related to leases as of March 31, 2024 and December 31, 2023 is as follows:

	As of	
	March 31, 2024	December 31, 2023
Assets:		
Right-of-use assets	\$ 1,996,392	\$ 2,125,542
Liabilities:		
Lease liabilities	\$ 488,568	\$ 487,695
Lease liabilities	1,560,279	1,684,614
Total operating lease liabilities	\$ 2,048,847	\$ 2,172,309
Lease term and discount rate		
Weighted average remaining lease term (in years)	1.87	2.09
Weighted average discount rate	4.6	4.5

The following summarizes the components of operating lease expense and provides supplemental cash flow information for operating leases:

	For the three months ended March 31,	
	2024	2023
Components of lease expense:		
Operating lease expense	\$ 158,643	\$ 155,791
Total lease expense	\$ 158,643	\$ 155,791

The following table summarizes the maturity of lease liabilities under operating leases as of March 31, 2024:

For the years ending March 31,	Operating Leases
2025	\$ 579,898
2026	593,454
2027	610,684
2028	470,644
Total lease payments	\$ 2,254,680
Less: imputed interest	(205,833)
Present value of lease liabilities	2,048,847

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – WARRANT LIABILITY

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in FASBASC 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own ordinary shares and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

In connection with the registered direct offering closed on July 27, 2022, the Company issued to an investor a warrant to purchase up to 4,530,000 ordinary shares at an exercise price of \$4.49 per share. The warrant became exercisable on January 27, 2023 and will expire on January 26, 2028.

The warrants meet the definition of a derivative under FASB ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. The fair value of the warrant liabilities was measured using a Black–Scholes model. Significant inputs into the model as of the reporting period begin remeasurement dates, and as of the reporting period end remeasurement dates are as follows:

	Ordinary Share Warrants March 31, 2024	Ordinary Share Warrants December 31, 2023
Share price	\$ 2.21	\$ 2.79
Exercise price	\$ 4.49	\$ 4.49
Annual dividend yield	-	-
Expected term (years)	1.91	2.04
Risk-free interest rate	4.6%	4.2%
Expected volatility	90.00%	80.00%

The warrants outstanding and fair values at each of the respective valuation dates are summarized below:

	As of	
	March 31, 2024	December 31, 2023
Number of ordinary share warrants	4,530,000	4,530,000
Fair value of the warrants	\$ 3,049,299	\$ 4,084,605

The fair value of the warrants was classified as a liability of \$4,084,605 as of December 31, 2023. For the three months ended March 31, 2024, the Company recognized a gain of \$1,035,306 for the investor warrant from the change in fair value of the warrant liability. As a result, the warrant liability is carried on the consolidated balance sheets at the fair value of \$3,049,299 for the investor warrant, collectively, as of March 31, 2024.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 – SHAREHOLDER’S EQUITY

Preferred Shares — The Company is authorized to issue an unlimited number of no par value preferred shares, divided into five classes, Class A through Class E, each with such designation, rights and preferences as may be determined by a resolution of the Company’s board of directors to amend the Memorandum and Articles of Association to create such designations, rights and preferences. The Company has five classes of preferred shares to give the Company flexibility as to the terms on which each class is issued. All shares of a single class must be issued with the same rights and obligations. Accordingly, starting with five classes of preferred shares will allow the Company to issue shares at different times on different terms. As of March 31, 2024 and December 31, 2023, there were no preferred shares designated, issued or outstanding.

Ordinary Shares — The Company is authorized to issue an unlimited number of no par value ordinary shares. Holders of the Company’s ordinary shares are entitled to one vote for each share. As of March 31, 2024 and December 31, 2023, there were 13,594,530 and 13,594,530 ordinary shares issued and outstanding.

Warrants — Redeemable warrants sold as part of the units in the Company’s initial public offering, or the Public Warrants (together with the Private Warrants (as defined below), the “Warrants”) may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants have been exercisable since October 24, 2019. No Public Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the ordinary shares issuable upon exercise of the Public Warrants and a current prospectus relating to such ordinary shares. Notwithstanding the foregoing, if a registration statement covering the ordinary shares issuable upon the exercise of the Public Warrants is not effective within 90 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act of 1933, as amended. If an exemption from registration is not available, holders will not be able to exercise their Public Warrants on a cashless basis. The Public Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Company may call the warrants for redemption (excluding the Private Warrants (as defined below)), in whole and not in part, at a price of \$0.01 per warrant:

- At any time while the Public Warrants are exercisable,
- Upon not less than 30 days’ prior written notice of redemption to each Public Warrant holder,
- If, and only if, the reported last sale price of the ordinary shares equals or exceeds \$16.50 per share, for any 20 trading days within a 30 trading day period ending on the third trading day prior to the notice of redemption to Public Warrant holders, and
- If, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 – SHAREHOLDER’S EQUITY (CONTINUED)

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants. Accordingly, the warrants may expire worthless.

Private warrants include (i) the 282,000 warrants underlying the units issued to Greenland Asset Management Corporation (the “Sponsor”) and Chardan Capital Markets, LLC (“Chardan”) in a private placement in connection with our initial public offering (“Private Unit Warrants”), and (ii) 120,000 warrants held by Chardan upon the exercise of its unit purchase option to purchase 120,000 units in March 2021 (“Option Warrants,” together with Private Unit Warrants, the “Private Warrants”). The Private Warrants are identical to the Public Warrants underlying the units sold in the Initial Public Offering, except that the Private Warrants and the ordinary shares issuable upon the exercise of the Private Warrants are not transferable, assignable or saleable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

On July 25, 2022, the Company issued to an investor a warrant to purchase up to 4,530,000 ordinary shares at an exercise price of \$4.49 per share. The warrant became exercisable on January 27, 2023 and will expire on January 26, 2028.

As of March 31, 2024, there were a total of 4,705,312 Warrants outstanding, including 4,303,312 Public Warrants held by CEDE & CO, and 142,000 and 260,000 Private Warrants held by Chardan and the Sponsor, respectively.

Unit Purchase Option

On July 27, 2018, the Company sold to Chardan (and its designees), for \$100, an option to purchase up to 240,000 units exercisable at \$11.50 per unit (or an aggregate exercise price of \$2,760,000), commencing on the consummation of the Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder’s option, and expired on July 24, 2023. The units issuable upon exercise of the option are identical to those offered in the initial public offering. The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the initial public offering resulting in a charge directly to shareholders’ equity. The option and such units purchased pursuant to the option, as well as the ordinary shares underlying such units, the rights included in such units, the ordinary shares that are issuable for the rights included in such units, the warrants included in such units, and the shares underlying such warrants, have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g) (1) of FINRA’s Nasdaq Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of initial public offering except to any underwriter and selected dealer participating in the initial public offering and their bona fide officers or partners. The option grants to holders demand and “piggy back” rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of 1933, as amended, of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or the Company’s recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price. As of March 31, 2024, the unit purchase option had expired and no unit purchase option exercisable by Chardan is outstanding.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 – EARNINGS PER SHARE

The Company reports earnings per share in accordance with the provisions of the FASB’s related accounting standard. This standard requires presentation of basic and diluted earnings per share in conjunction with the disclosure of the methodology used in computing such earnings per share. Basic earnings per share excludes dilution, but includes vested restricted stocks and is computed by dividing income available to shareholders by the weighted average ordinary shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised and converted into ordinary shares.

The following is a reconciliation of the basic and diluted earnings per share computation:

	For the three months ended March 31,	
	2024	2023
Net income attributable to the Greenland Technologies Holding Corporation and subsidiaries	\$ 2,502,203	\$ 1,446,975
Weighted average basic and diluted computation shares outstanding:		
Weighted average shares used in basic computation	13,594,530	12,978,504
Diluted effect of stock options and warrants	—	—
Weighted average shares used in diluted computation	13,594,530	12,978,504
Basic and diluted net income per share	\$ 0.18	\$ 0.11

For the three months ended March 31, 2024 and 2023, 4,530,000 shares underlying outstanding warrants to an investor were excluded from the calculation of diluted loss per share as the warrants were anti-dilutive. The exercise price of the warrants is higher than the average price of ordinary shares during the periods, so the warrants is “out-of-the-money” and result in an anti-dilutive effect on earnings per share.

NOTE 20 – GEOGRAPHICAL SALES AND SEGMENTS

All of the Company’s operations are considered by the chief operating decision maker to be aggregated in one reportable operating segment.

Information for the Company’s sales by geographical area for the three months ended March 31, 2024 and 2023 are as follows:

	For three months ended March 31,	
	2024	2023
Domestic Sales	\$ 22,524,060	\$ 22,129,222
International Sales	199,531	20,138
Total	\$ 22,723,591	\$ 22,149,360

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 – INCOME TAXES

Income tax expense includes a provision for federal, state and foreign taxes based on the annual estimated effective tax rate applicable to the Company and its subsidiaries, adjusted for items which are considered discrete to the period.

The effective tax rates on income before income taxes for the three months ended March 31, 2024 was (5.50)%. The effective tax rate for the three months ended March 31, 2024 was lower than the PRC tax rate of 25.0% primarily due to the China Super R&D deduction.

The effective tax rates on income before income taxes for the three months ended March 31, 2023 was 10.77%. The effective tax rate for the three months ended March 31, 2023 was lower than the PRC tax rate of 25.0% primarily due to the China Super R&D deduction.

The Company has recorded \$0 unrecognized benefit as of March 31, 2024 and December 31, 2023, respectively. On the information currently available, the Company does not anticipate a significant increase or decrease to its unrecognized benefit within the next 12 months.

NOTE 22 – COMMITMENTS AND CONTINGENCIES

Guarantees and pledged collateral for bank loans to other parties:

Pledged collateral for bank loans

On June 27, 2022, Zhejiang Zhongchai signed a Maximum Amount Pledge Contract with Bank of Communications Co. LTD., pledging its land use rights and property ownership as security, for a loan facility with a maximum principal amount of US\$8.28 million (RMB60.01 million) during the period from June 27, 2022 to June 26, 2027. As of March 31, 2024 and December 31, 2023, the outstanding amount of the short-term bank loan under this pledge contract was nil and nil, respectively.

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Facility Leases

The Company has leased premises for its offices under non-cancellable operating leases since May 2021 and its assembly site under non-cancellable operating leases since June 2022. See further discussion in NOTE 16 – LEASES.

Rent expense is recognized on a straight-line basis over the terms of the operating leases accordingly and the Company records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability.

The following are the aggregate non-cancellable future minimum lease payments under operating and financing leases as of March 31, 2024:

For the years ending March 31,	Operating Leases
2025	\$ 579,898
2026	593,454
2027	610,684
2028	470,644
Total lease payments	\$ 2,254,680

NOTE 23 – RELATED PARTY TRANSACTIONS

(a) Names and Relationship of Related Parties:

	Existing Relationship with the Company
Sinomachinery Holding Limited	Under common control of Peter Zuguang Wang
Cenntro Holding Limited	Controlling shareholder of the Company
Zhejiang Kangchen Biotechnology Co., Ltd.	Under common control of Peter Zuguang Wang
Cenntro Smart Manufacturing Tech. Co., Ltd.	Under common control of Peter Zuguang Wang
Zhejiang Zhonggong Machinery Co., Ltd.	Under common control of Peter Zuguang Wang
Xinchang County Jiuxin Investment Management Partnership (LP)	Under control of Mr. Mengxing He, the General Manger and one of the directors of Zhejiang Zhongchai
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership)	Under common control of Peter Zuguang Wang
Hangzhou Cenntro Autotech Co., Limited	Under common control of Peter Zuguang Wang
Peter Zuguang Wang	Chairman of the Board of Directors of the Company
Hangzhou Jiuru Economic Information Consulting Co. Ltd	One of the directors of a former subsidiary of the Company, Shanghai Hengyu Business Management Consulting Co., Ltd., which was dissolved on July 10, 2023
Xinchang County Jiuhe Investment Management Partnership (LP)	Under control of Mr. Mengxing He, the General Manger and one of the directors of Zhejiang Zhongchai/Non-controlling interest of Zhejiang Zhongchai
Cenntro Automotive Corporation	Under common control of Peter Zuguang Wang

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 – RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Summary of Balances with Related Parties:

	As of	
	March 31, 2024	December 31, 2023
Due to related parties:		
Cenntro Smart Manufacturing Tech. Co., Ltd. ¹	\$ 2,562	\$ 2,606
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership) ²	94,442	94,442
Cenntro Holding Limited ³	1,341,627	1,341,627
Hangzhou Jiuru Economic Information Consulting Co. Ltd ⁴	190,000	190,000
Peter Zuguang Wang ⁵	2,392,961	2,392,961
Total	\$ 4,021,592	\$ 4,021,636

All balances of due to related parties as of March 31, 2024 and December 31, 2023 were unsecured, interest-free and had no fixed terms of repayments.

The balance of due to related parties as of March 31, 2024 and December 31, 2023 consisted of:

- 1 Employee wages paid by Cenntro Smart Manufacturing Tech. Co., Ltd. on the Company's behalf;
- 2 Temporary borrowings from Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership);
- 3 Total dividend payment of \$7.6 million declared by Zhongchai Holding to Cenntro Holding Limited. As of December 31, 2019, the balance was \$1.34 million, and no further payments had been made since then;
- 4 Consulting fees payable to Hangzhou Jiuru Economic Information Consulting Co. Ltd; and
- 5 Payable to Peter Zuguang Wang for capital reduction due to the dissolution of Shanghai Hengyu Business Management Consulting Co., Ltd. on July 10, 2023.

	As of	
	March 31, 2024	December 31, 2023
Due from related parties-current:		
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership)	228,311	225,927
Total	\$ 228,311	\$ 225,927

The balance of due from related parties as of March 31, 2024 and December 31, 2023 consisted of:

Other receivable from Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership) was \$0.23 million and \$0.23 million as of March 31, 2024 and December 31, 2023, respectively. It's a loan with annual interest rate of 4.785%.

NOTE 24 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which is May 15, 2024. All subsequent events requiring recognition as of March 31, 2024 have been incorporated into these financial statements and there are no other subsequent events that require disclosure in accordance with FASB ASC Topic 855.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of financial condition and results of operations relates to the operations and financial condition reported in the consolidated financial statements of the Company thereto, which appear elsewhere in this quarterly report on Form 10-Q, and should be read in conjunction with such financial statements and related notes included in this quarterly report on Form 10-Q. Except for the historical information contained herein, the following discussion, as well as other information in this report, contain "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the "safe harbor" created by those sections. Actual results and the timing of the events may differ materially from those contained in these forward-looking statements due to many factors, including those discussed in the "Forward-Looking Statements" set forth elsewhere in this quarterly report on Form 10-Q.

Overview

The Company was incorporated on December 28, 2017 as a British Virgin Islands company with limited liability. The Company was incorporated as a blank check company for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more target businesses. Following the Business Combination (as described below) in October 2019, the Company changed its name from Greenland Acquisition Corporation to Greenland Technologies Holding Corporation.

On July 27, 2018, we consummated our initial public offering of 4,400,000 units, including a partial exercise by the underwriters of their over-allotment option in the amount of 400,000 units. Each unit consisted of one ordinary share, no par value, one warrant to purchase one-half of one ordinary share, and one right to receive one-tenth of one ordinary share upon the consummation of our initial business combination (the "Business Combination"), pursuant to a registration statement on Form S-1. Warrants must be exercised in multiples of two warrants, and each two warrants are exercisable for one ordinary share at an exercise price of \$11.50 per share. The units were sold in our initial public offering at an offering price of \$10.00 per unit, generated \$44,000,000 (before underwriting discounts and offering expenses) in gross proceeds.

Simultaneously with the consummation of our initial public offering, we completed a private placement of 282,000 units, issued to Greenland Asset Management Corporation (the "the Sponsor") and Chardan Capital Markets, LLC ("Chardan"), which generated \$2,820,000 in gross proceeds. We also sold to Chardan (and its designees), for \$100, an option to purchase up to 240,000 units exercisable at \$11.50 per unit (or an aggregate exercise price of \$2,760,000) commencing on consummation of the Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder's option, and expired on July 24, 2023. On February 18, 2021, Chardan exercised its option to purchase 120,000 units.

On October 24, 2019, we consummated the Business Combination with Zhongchai Holding (Hong Kong) Limited, a holding company formed under the laws of Hong Kong on April 23, 2009 ("Zhongchai Holding") following a special meeting, where the shareholders of Greenland considered and approved, among other matters, a proposal to adopt and entered into that certain Share Exchange Agreement dated as of July 12, 2019, among (i) Greenland, (ii) Zhongchai Holding, (iii) the Sponsor in the capacity as the Purchaser Representative, and (iv) Cenntro Holding Limited, the sole member of Zhongchai Holding (the "Share Exchange Agreement") that allowed Greenland to acquire from Cenntro Holding Limited all of the issued and outstanding equity interests of Zhongchai Holding in exchange for 7,500,000 newly issued ordinary shares, no par value of Greenland, issued to Cenntro Holding Limited. As a result, Cenntro Holding Limited became the then controlling shareholder of Greenland, and Zhongchai Holding became a directly and wholly owned subsidiary of Greenland. The Business Combination was accounted for as a reverse merger effected by a share exchange, wherein Zhongchai Holding is considered the acquirer for accounting and financial reporting purposes.

In connection with the Business Combination, all the outstanding rights of the Company were converted into 468,200 ordinary shares on a one-tenth (1/10) ordinary share per right basis if holders of the rights elected to convert their rights into the underlying ordinary shares.

On December 17, 2019, the Company's warrants, which were trading under the ticker symbol "GTECW," were delisted from the Nasdaq Capital Market by the Nasdaq Listing Qualifications Staff.

On January 14, 2020, HEVI Corp. ("HEVI"), formerly known as Greenland Technologies Corp., was incorporated under the laws of the State of Delaware. HEVI is a 100% owned subsidiary of Greenland. HEVI focuses on the production and sale of electric industrial equipment, including electric industrial vehicles, for the North American market.

Greenland serves as the parent company to Zhongchai Holding. Through Zhongchai Holding and its subsidiaries, Greenland develops and manufactures traditional transmission products for material handling machineries and electric industrial heavy equipment, including electric industrial vehicles.

Through its PRC subsidiaries, Greenland offers transmission products, which are key components for forklift trucks used in manufacturing and logistic applications, such as factories, workshops, warehouses, fulfillment centers, shipyards, and seaports. Forklifts play an important role in the logistic systems of many companies across different industries in China and globally. Generally, industries with the largest demand for forklifts include the transportation, warehousing logistics, electrical machinery, and automobile industries. Greenland's revenue increased from approximately \$22.15 million for the three months ended March 31, 2023 to \$22.72 million for the three months ended March 31, 2024. The increase in revenue was primarily the result of an increase in the Company's sales volume, driven by increasing market demand for the three months ended March 31, 2024. Nevertheless, based on the revenues for the three months ended March 31, 2024 and 2023, Greenland believes that it is one of the major developers and manufacturers of transmission products for small and medium-sized forklift trucks in China.

Greenland's transmission products are used in 1-ton to 15-tons forklift trucks, some with mechanical shift and some with automatic shift. Greenland sells these transmission products directly to forklift-truck manufacturers. For the three months ended March 31, 2024 and 2023, Greenland sold an aggregate of 41,866 and 36,841 sets of transmission products, respectively, to more than 100 forklift manufacturers in the PRC.

There is increasing demand for electric industrial heavy equipment powered by sustainable energy in order to reduce air pollution and lower carbon emissions. Utilizing Greenland's expertise in manufacturing and R&D, it established HEVI in January 2020 to create clean and sustainable products and services in the heavy industrial equipment industry that help organizations pursue a carbon neutral operation. HEVI designs, develops, and manufactures electric heavy industrial equipment and accessories and sells them directly to the end consumers in various markets in the United States. HEVI's product line available for purchase includes the GEL-5000 all-electric lithium 5.0-ton rated load wheeled front loader, GEL-1800 all-electric lithium 1.8-ton rated load wheeled front loader, the GEX-8000 all-electric lithium 8.0-ton rated load excavator, and the GEF-series of electric lithium forklifts. HEVI also introduced mobile DC battery chargers to support a growing market of EV applications requiring DC charging capabilities in the North America market. These products are available for purchase in the U.S. market. In August 2022, HEVI launched a 54,000 square foot industrial electric vehicle assembly site in Baltimore, Maryland to support local assembly, services and distribution of its product line.

Recent Developments

On February 14, 2024, the Company issued a press release announcing its intent, as approved by its board of directors, to explore a separation of its electric industrial vehicles and drivetrain systems segments into two independent, publicly-traded companies by spinning off its drivetrain systems business. After the proposed spin-off, Greenland would be solely comprised of the Company's current industrial electric vehicle business under its HEVI brand. On March 26, 2024, the Company entered into a share exchange agreement with Greenland Holding Enterprises Inc. and Zhongchai Holding (the "2024 Share Exchange Agreement"). Pursuant to the 2024 Share Exchange Agreement, Greenland Holding Enterprises Inc. issued 100 shares of common stock to the Company, par value \$0.01 per share, in exchange for 100% of the equity interest of Zhongchai Holding.

Impact of COVID-19 Pandemic on Our Operations and Financial Performance

The COVID-19 pandemic has severely affected global economy. In an effort to contain the spread of the COVID-19 pandemic, in the fiscal years ended December 31, 2021 and 2022, China and many other countries took precautionary measures, such as imposing travel restrictions, quarantining individuals infected with or suspected of being infected with COVID-19, encouraging or requiring people to work remotely, and canceling public activities, among others.

Since 2021, a few waves of COVID-19 infections emerged in various regions of China, and in response, the Chinese government implemented certain anti-COVID measures and protocols. Chinese industries have gradually resumed businesses since the Chinese government lifted its COVID-19 protocols and measures in December 2022. The COVID-19 pandemic had a limited impact on our financial condition and results of operations in the three months ended March 31, 2024 and 2023.

The extent to which the COVID-19 pandemic may continue to affect our operations and financial performance in the future will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Results of Operations

For the three months ended March 31, 2024 and 2023

Overview

	For the three months ended March 31			
	2024	2023	Change	Variance
Revenues	\$ 22,723,591	\$ 22,149,360	\$ 574,231	2.6%
Cost of Goods Sold	17,076,522	16,625,930	450,592	2.7%
Gross Profit	5,647,069	5,523,430	123,639	2.2%
Selling expenses	549,496	387,485	162,011	41.8%
General and administrative expenses	2,183,429	1,641,904	541,525	33.0%
Research and development expenses	987,724	1,119,891	(132,167)	(11.8)%
Total Operating Expenses	3,720,649	3,149,280	571,369	18.1%
Income from operations	1,926,420	2,374,150	(447,730)	(18.9)%
Interest income	169,213	30,393	138,820	456.7%
Interest expenses	(43,840)	(66,493)	22,653	(34.1)%
Change in fair value of the warrant liability	1,035,306	-	1,035,306	100.0%
Other income	296,148	417,382	(121,234)	(29.0)%
Income before income tax	3,383,247	2,755,432	627,815	22.8%
Income tax	(186,001)	296,858	(482,859)	(162.7)%
Net income	3,569,248	2,458,574	1,110,674	45.2%

Components of Results of Operations

Component of Results of Operations	For the three months ended March 31	
	2024	2023
Revenues	\$ 22,723,591	\$ 22,149,360
Cost of Goods Sold	17,076,522	16,625,930
Gross Profit	5,647,069	5,523,430
Operating Expenses	3,720,649	3,149,280
Net Income	3,569,248	2,458,574

Revenue

Greenland's revenue was approximately \$22.72 million for the three months ended March 31, 2024, representing an increase of approximately \$0.57 million, or 2.6%, as compared to that of approximately \$22.15 million for the three months ended March 31, 2023. The increase in revenue was primarily a result of the increase in the Company's sales volume, driven by increasing market demand for transmission products for the three months ended March 31, 2024. On an RMB basis, our revenue for the three months ended March 31, 2024 increased by approximately 7.8% as compared to that for the three months ended March 31, 2023.

Cost of Goods Sold

Greenland's cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, internal transfer costs, wages, employee compensation, amortization, depreciation and related costs, which are directly attributable to the Company's manufacturing activities. The write down of inventory using the net realizable value impairment test is also recorded in cost of goods sold. The total cost of goods sold was approximately \$17.08 million for the three months ended March 31, 2024, representing an increase by approximately \$0.45 million, or 2.7%, as compared to that of approximately \$16.63 million for the three months ended March 31, 2023. Cost of goods sold increased due to the increase in our sales volume.

Gross Profit

Greenland's gross profit was approximately \$5.65 million for the three months ended March 31, 2024, representing an increase by approximately \$0.13 million, or 2.2%, as compared to that of approximately \$5.52 million for the three months ended March 31, 2023. For the three months ended March 31, 2024 and 2023, Greenland's gross margins were approximately 24.9% and 24.9%, respectively. The increase in gross profit in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily due to the increase in our sales volume.

Operating Expenses

Greenland's operating expenses consist of selling expenses, general and administrative expenses and research and development expenses.

Selling Expenses

Selling expenses mainly comprise of operating expenses such as sales staff payroll, traveling expenses, and transportation expenses. Our selling expenses were approximately \$0.55 million for the three months ended March 31, 2024, representing an increase of approximately \$0.16 million, or 41.8%, as compared to approximately \$0.39 million for the three months ended March 31, 2023. The increase was mainly due to an increase in the shipping expenses for the three months ended March 31, 2024.

General and Administrative Expenses

General and administrative expenses comprise of management and staff salaries, employee benefits, depreciation for office facility and office furniture and equipment, travel and entertainment expenses, legal and accounting fees, financial consulting fees, and other office expenses. General and administrative expenses were approximately \$2.18 million for the three months ended March 31, 2024, representing an increase of approximately \$0.54 million, or 33.0%, as compared to that of approximately \$1.64 million for the three months ended March 31, 2023. The increase in general and administrative expenses was mainly due to the increased allowance for credit losses and the increase in staff salary for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

Research and Development (R&D) Expenses

R&D expenses consist of R&D personnel compensation, costs of materials used in R&D projects, and depreciation costs for research-related equipment. R&D expenses were approximately \$0.99 million for the three months ended March 31, 2024, representing a decrease of approximately \$0.13 million, or 11.8%, as compared to that of approximately \$1.12 million for the three months ended March 31, 2023. Such decrease was primarily attributable to a significant decrease in the Company's R&D activities during the three months ended March 31, 2024.

Income from Operations

Income from operations for the three months ended March 31, 2024 was approximately \$1.93 million, representing a decrease of approximately \$0.44 million, as compared to that of approximately \$2.37 million for the three months ended March 31, 2023.

Interest Income and Interest Expenses

Greenland's interest income was approximately \$0.17 million for the three months ended March 31, 2024, representing an increase of approximately \$0.14 million, or 456.7%, as compared to that of approximately \$0.03 million for the three months ended March 31, 2023. The increase in interest income was because more cash was deposited in banks during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Greenland's interest expenses were approximately \$0.04 million for the three months ended March 31, 2024, representing a decrease of approximately \$0.02 million, or 34.1%, as compared to that of approximately \$0.06 million for the three months ended March 31, 2023. The decrease was primarily due to a decrease of our short-term loans for the three months ended March 31, 2024, compared to those for the three months ended March 31, 2023.

Other Income

Greenland's other income was approximately \$0.30 million for the three months ended March 31, 2024, representing a decrease of approximately \$0.12 million, or 29.0%, as compared to approximately \$0.42 million for the three months ended March 31, 2023. The decrease was primarily due to a decrease in grant income for the three months ended March 31, 2024, compared to those for the three months ended March 31, 2023.

Income Taxes

Greenland's income tax was approximately \$(0.19) million for the three months ended March 31, 2024, as compared to that of approximately \$0.30 million for the three months ended March 31, 2023.

Zhejiang Zhongchai obtained a "high-tech enterprise" status near the end of the fiscal year of 2022. Such status allows Zhejiang Zhongchai to enjoy a reduced statutory income tax rate of 15%, rather than the standard PRC corporate income tax rate of 25%. Income tax for the three months ended March 31, 2024 and 2023 were calculated based on a rate of 15%. The "high-tech enterprise" status is reevaluated by relevant Chinese government agencies every three years. Zhejiang Zhongchai's current "high-tech enterprise" will be reevaluated near the end of 2025.

Greenland's other PRC subsidiaries are subject to different income tax rates. Hangzhou Greenland, the wholly owned subsidiary of Zhongchai Holding, is subject to the 25% standard income tax rate. Greenland is a holding company registered in the British Virgin Islands and is not subject to tax on income or capital gains under the current British Virgin Islands law. In addition, upon payment of dividends to its shareholders, the Company will not be subject to any British Virgin Islands withholding tax.

On January 14, 2020, Greenland established HEVI, its wholly owned subsidiary in the state of Delaware. HEVI promotes sales of sustainable alternative products for the heavy industrial equipment industry, including electric industrial vehicles, in the North American market. On December 22, 2017, the U.S. federal government enacted the 2017 Tax Act. The 2017 Tax Act includes a number of changes in existing tax law impacting businesses, including the transition tax, a one-time deemed repatriation of cumulative undistributed foreign earnings and a permanent reduction in the U.S. federal statutory rate from 35% to 21%, effective on January 1, 2018. ASC 740 requires companies to recognize the effect of tax law changes in the period of enactment, and accordingly, the effects must be recognized on companies' calendar year-end financial statements, even though the effective date for most provisions is January 1, 2018. Since HEVI was established in 2020, the one-time transition tax did not have any impact on the Company's tax provision and there was no undistributed accumulated earnings and profits as of March 31, 2024.

On March 26, 2024, the Company entered into a share exchange agreement with Greenland Holding Enterprises Inc. and Zhongchai Holding (the "2024 Share Exchange Agreement"). Pursuant to the 2024 Share Exchange Agreement, Greenland Holding Enterprises Inc. issued 100 shares of common stock to the Company, par value \$0.01 per share, representing all issued and outstanding share capital of Greenland Holding Enterprises Inc., in exchange for 100% of the equity interest of Zhongchai Holding. Greenland Holding Enterprises Inc. is a holding company registered on August 28, 2023 in the State of Delaware with no material operations. Since Greenland Holding Enterprises Inc. was established in 2023, the one-time transition tax did not have any impact on the Company's tax provision and there was no undistributed accumulated earnings and profits as of March 31, 2024.

Net Income

Our net income was approximately \$3.57 million for the three months ended March 31, 2024, representing an increase of approximately \$1.11 million, as compared to that of approximately \$2.46 million for the three months ended March 31, 2023.

Liquidity and Capital Resources

Greenland is a holding company incorporated in the British Virgin Islands. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

We have funded working capital and other capital requirements primarily by equity contributions, cash flow from operations, short-term bank loans and bank acceptance notes, and long-term bank loans. Cash is required primarily to purchase raw materials, repay debts and pay salaries, office expenses, income taxes and other operating expenses.

For the three months ended March 31, 2024, our PRC subsidiary, Zhejiang Zhongchai, paid off approximately \$0.28 million in bank loan, approximately \$0.70 million in lend to third parties, and maintained \$15.99 million cash on hand. We plan to maintain the current debt structure and rely on governmentally supported loans with lower costs, if necessary.

Government subsidies mainly consist of an incentive granted by the Chinese government to encourage transformation of fixed assets in China and other miscellaneous subsidies from the Chinese government. Government subsidies are recognized when there is reasonable assurance that the subsidy will be received and all conditions be completed. Total government subsidies recorded under long-term liabilities were \$1.45 million and \$1.53 million as of March 31, 2024 and December 31, 2023, respectively.

The Company currently plans to fund its operations mainly through cash flow from its operations, renewal of bank borrowings, additional equity financing, and continuation of financial support from its shareholders and affiliates controlled by its principal shareholders, if necessary. The Company might implement a stricter policy on sales to less creditworthy customers and plans to continue to improve its collection efforts on accounts with outstanding balances. The Company is actively working with customers and suppliers and expects to fully collect the remaining balance.

We believe that the Company has sufficient cash, even with uncertainty in the Company's manufacturing and sale of electric industrial heavy equipment in the future and decline on sale of transmission products. However, our capital contribution from existing funding sources, to operate for the next 12 months will be sufficient. We remain confident and expect to continue to generate positive cash flow from our operations.

We may need additional cash resources in the future, if the Company experiences failure in collecting account receivables, changes in business condition, changes in financial condition, or other developments. We may also need additional cash resources, if the Company wishes to pursue opportunities for investment, acquisition, strategic cooperation, or other similar actions. If the Company's management and its board of directors determine that the cash required for specific corporate activities exceed Greenland's cash and cash equivalents on hand, the Company may issue debt or equity securities to raise cash.

Historically, we have expended considerable resources on building a new factory and paid off a considerable amount of debt, resulting in less available cash. However, we anticipate that our cash flow will continue to improve for the remainder of fiscal year 2024. More specifically, Zhejiang Zhongchai has completed the construction of a new factory, and our PRC subsidiaries have received COVID-19 related government subsidies. Furthermore, Zhejiang Zhongchai pledged the deed of its new factory as a collateral to banks in order to obtain additional loans, refinance expiring loans, restructure short-term loans, and fund other working capital needs upon acceptable terms to Greenland.

Cash and Cash Equivalents

Cash equivalents refers to all highly liquid investments purchased with original maturity of three months or less. As of March 31, 2024, Greenland had approximately \$15.99 million of cash and cash equivalents, representing a decrease of approximately \$7.00 million, or 30.44%, as compared to approximately \$22.98 million as of December 31, 2023. The decrease of cash and cash equivalents was mainly due to an increase in notes receivables and fixed deposit, as compared to that as of December 31, 2023.

Restricted Cash

Restricted cash represents the amount held by a bank as security for bank acceptance notes and therefore is not available for use until the bank acceptance notes are fulfilled or expired, which typically takes less than twelve months. As of March 31, 2024, Greenland had approximately \$3.85 million of restricted cash, representing a decrease of approximately \$1.36 million, or 26.07%, as compared to that of approximately \$5.21 million as of December 31, 2023. The decrease of restricted cash was due to a decrease of mortgaged assets.

Accounts Receivable

As of March 31, 2024, Greenland had approximately \$22.58 million of accounts receivables, an increase of approximately \$5.23 million, or 30.14%, as compared to approximately \$17.35 million as of December 31, 2023. The increase in accounts receivables was due to the increase in our sales volume and our slowed-down efforts in receivables collections.

Greenland recorded approximately \$1.42 million and \$0.87 million of allowance for expected credit losses as of March 31, 2024 and December 31, 2023, respectively. Greenland conducted an aging analysis of each customer's delinquent payments to determine whether allowance for expected credit losses is adequate. In establishing the allowance for expected credit losses, Greenland considers historical experience, economic environment, and expected collectability of past due receivables. An estimate of expected credit losses is recorded when collection of the full amount is no longer probable. When bad debts are identified, such debts are written off against the allowance for expected credit losses. Greenland will continuously assess its expected credit losses based on the credit history of and relationships with its customers on a regular basis to determine whether its allowance for expected credit losses on its accounts receivables is adequate. Greenland believes that its collection policies are generally in line with the transmissions industry's standard in the PRC.

Due from Related Party

Due from related party was \$0.23 million and \$0.23 million as of March 31, 2024 and December 31, 2023, respectively. Other receivable from Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership) was \$0.23 million and \$0.23 million as of March 31, 2024 and December 31, 2023, respectively, representing a loan with an annual interest rate of 4.785%.

Notes Receivable

As of March 31, 2024, Greenland had approximately \$32.13 million of notes receivables, which Greenland expects to collect within the next twelve months. The increase was approximately \$4.99 million, or 18.39%, as compared to approximately \$27.14 million as of December 31, 2023.

Working Capital

Our working capital was approximately \$23.56 million as of March 31, 2024, as compared to \$27.27 million as of December 31, 2023. The decrease in working capital of \$3.7 million was primarily contributed to an increase in fixed deposit.

Cash Flow

	For the Three Months Ended March 31,	
	2024	2023
Net cash (used in) provided by operating activities	\$ (8,422,330)	\$ 3,756,318
Net cash (used in) provided by investing activities	\$ (1,880,587)	\$ 195,216
Net cash provided by (used in) financing activities	\$ 2,340,022	\$ (3,464,491)
Net (decrease) increase in cash and cash equivalents and restricted cash	\$ (7,962,895)	\$ 487,043
Effect of exchange rate changes on cash and cash equivalents	\$ (391,202)	\$ 44,518
Cash and cash equivalents and restricted cash at beginning of year	\$ 28,189,387	\$ 19,729,056
Cash and cash equivalents and restricted cash at end of year	\$ 19,835,290	\$ 20,260,617

Operating Activities

Greenland's net cash provided by (used in) operating activities were approximately \$(8.42) million and \$3.76 million for the three months ended March 31, 2024 and 2023, respectively.

For the three months ended March 31, 2024, the main sources of cash outflow from operating activities were accounts receivable, notes receivable, and other current and noncurrent assets, with each amounted to approximately \$5.54 million, \$5.47 million and \$6.12 million, respectively. The main causes of cash inflow were changes in net income and accounts payable, with each amounted to approximately \$3.57 million and \$6.02 million, respectively.

For the three months ended March 31, 2023, the main sources of cash inflow from operating activities were net income, change in accounts payable, and other current and noncurrent assets, with each amounted to approximately \$2.46 million, \$3.51 million and \$2.87 million, respectively. The main causes of cash outflow were changes in accounts receivables and other current liabilities, with each amounted to approximately \$5.24 million and \$0.57 million, respectively.

Investing Activities

Net cash used in investing activities resulted in cash outflow of approximately \$1.88 million for the three months ended March 31, 2024. Cash used in investing activities for the three months ended March 31, 2024 was mainly due to approximately \$1.19 million used for purchases of long-term assets and approximately \$0.70 million loaned to third parties.

Net cash provided by investing activities resulted in a cash inflow of approximately \$0.20 million for the three months ended March 31, 2023. Cash provided by investing activities for the three months ended March 31, 2023 was mainly due to \$0.26 million in proceeds from government grants for construction, offset by approximately \$0.02 million used for purchases of long-term assets and approximately \$0.05 million used for investment in a joint venture.

Financing Activities

Net cash provided by financing activities resulted a cash inflow of approximately \$2.34 million for the three months ended March 31, 2024, which was mainly attributable to approximately \$5.56 million in proceeds from short-term bank loans. Such amounts were further offset by approximately \$0.28 million in repayment of short-term bank loans and approximately \$2.95 million change in notes payable.

Net cash used in financing activities resulted a cash outflow of approximately \$3.46 million for the three months ended March 31, 2023, which was mainly attributable to approximately \$2.48 million in repayment of loans to related parties and approximately \$3.18 million in repayment of notes payable. Such amounts were further offset by proceeds from short-term bank loans for approximately \$1.17 million and proceeds from third parties for approximately \$1.46 million.

Credit Risk

Credit risk is one of the most significant risks for Greenland's business. Accounts receivable are typically unsecured and derived from revenues earned from customers, thereby exposing Greenland to credit risk. Credit risk is controlled by the application of credit approvals, limits, and monitoring procedures. Greenland identifies credit risk collectively based on industry, geography, and customer type. This information is monitored regularly by the Company's management. In measuring the credit risk of sales to customers, Greenland mainly reflects the "probability of default" by the customer on its contractual obligations and considers the current financial position of the customer and the exposures to the customer and its future development.

Liquidity Risk

Greenland is exposed to liquidity risk when it is unable to provide sufficient capital resources and liquidity to meet its commitments and/or business needs. Liquidity risk is managed by the application of financial position analysis to test if Greenland is in danger of liquidity issues and also by application of monitoring procedures to constantly monitor its conditions and movements. When necessary, Greenland resorts to other financial institutions to obtain additional short-term funding to meet the liquidity shortage.

Inflation Risk

Greenland is also exposed to inflation risk. Inflationary factors, such as increases in raw material and overhead costs, could impair Greenland's operating results. Although Greenland does not believe that inflation has had a material impact on its financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on its ability to maintain current levels of gross margin and operating expenses as a percentage of sales revenues if the selling prices of its products do not increase with such increased costs.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. In applying accounting principles, it is often required to use estimates. These estimates consider the facts, circumstances and information available, and may be based on subjective inputs, assumptions and information known and unknown to us. Material changes in certain of the estimates that we use could potentially affect, by a material amount, our consolidated financial position and results of operations. Although results may vary, we believe our estimates are reasonable and appropriate. See Note 2 to our consolidated financial statements included in "Item 1 - Financial Statements (Unaudited)" for a summary of our significant accounting policies. The following describes certain of our significant accounting policies that involve more subjective and complex judgments where the effect on our consolidated financial position and operating performance could be material.

Revenue Recognition

In accordance with ASC Topic 606, "Revenue from Contracts with Customers," the Company recognizes revenues when goods or services are transferred to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. In determining when and how revenues are recognized from contracts with customers, the Company performs the following five-step analysis: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations, and (v) recognition of revenues when (or as) the Company satisfies each performance obligation. The Company derives revenues from the processing, distribution and sale of its products. The Company recognizes its revenues net of value added taxes ("VAT"). The Company is subject to VAT which had been levied at the rate of 17% on the invoiced value of sales until April 30, 2018, after which date the rate was reduced to 16%. VAT rate was further reduced to 13% starting from April 1, 2019. Output VAT is borne by customers in addition to the invoiced value of sales and input VAT is borne by the Company in addition to the invoiced value of purchases to the extent not refunded for export sales.

Revenues are recognized at a point in time once the Company has determined that the customer has obtained control over the product. Control is typically deemed to have been transferred to the customer when the performance obligation is fulfilled, usually at the time of customers' acceptance or consumption, at the net sales price (transaction price) and each of the criteria under ASC 606 have been met. Contract terms may require the Company to deliver the finished goods to the customers' location or the customer may pick up the finished goods at the Company's factory. International sales are recognized when shipment clears customs and leaves the port.

The Company adopted ASC 606 on January 1, 2018, using the transition method of Modified-Retrospective Method ("MRM"). The adoption of ASC 606 had no impact on the Company's beginning balance of retained earnings.

The Company's contracts are all short-term in nature with a contract term of one year or less. Receivables are recorded when the Company has an unconditional right to consideration.

Business Combination

On October 24, 2019, we consummated our Business Combination with Zhongchai Holding following a special meeting of the shareholders, where the shareholders of Greenland considered and approved, among other matters, a proposal to adopt and entered into the Share Exchange Agreement, dated as of July 12, 2019, among (i) Greenland, (ii) Zhongchai Holding, (iii) the Sponsor in the capacity as the Purchaser Representative, and (iv) Cenntro Holding Limited, the sole member of Zhongchai Holding.

Pursuant to the Share Exchange Agreement, Greenland acquired from Cenntro Holding Limited all of the issued and outstanding equity interests of Zhongchai Holding in exchange for 7,500,000 newly issued ordinary shares, no par value of Greenland, to Cenntro Holding Limited. As a result, Cenntro Holding Limited became the then controlling shareholder of Greenland, and Zhongchai Holding became a directly and wholly owned subsidiary of Greenland. The Business Combination was accounted for as a reverse merger effected by a share exchange, wherein Zhongchai Holding is considered the acquirer for accounting and financial reporting purposes.

Pursuant to that certain finder agreement with Hanyi Zhou dated May 29, 2019 (the "Finder Agreement"), 50,000 newly issued ordinary shares issued to Hanyi Zhou as a finder fee for the Business Combination.

Inventories

Inventories are stated at the lower of cost or net realizable value, which is based on estimated selling prices less any further costs expected to be incurred for completion and disposal. Cost of raw materials is calculated using the weighted average method and is based on purchase cost. Work-in-progress and finished goods costs are determined using the weighted average method and comprise direct materials, direct labor and an appropriate proportion of overhead.

Income Taxes

The Company accounts for income taxes following the liability method pursuant to FASB ASC 740 “Income Taxes”. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in income in the period that includes the enactment date.

The Company also follows FASB ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of March 31, 2024, the Company did not have any liability for unrecognized tax benefits. It is the Company’s policy to include penalties and interest expense related to income taxes as a component of other expense and interest expense, respectively, as necessary. The Company’s historical tax years will remain open for examination by the local authorities until the statute of limitations has passed.

Off Balance Sheet Arrangements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is not required to provide the information required by this item as it is a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure controls, as defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time specified in the SEC’s rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As of March 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon such evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were ineffective. Such conclusion is based on the presence of the following material weakness in internal control over financial reporting as of March 31, 2024:

Accounting and Financial Reporting Personnel Material Weakness - As noted in Item 9A of our annual report on Form 10-K for the preceding fiscal year, management concluded that in light of a lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to prepare consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, we did not maintain effective controls and did not implement adequate and proper supervisory review to ensure that significant internal control deficiencies can be detected or prevented.

As a result, the Company has developed a remedial plan to strengthen its accounting and financial reporting functions. To strengthen the Company's internal control over financial reporting, the Company is currently implementing the following remedial actions:

- developing and formalizing of key accounting and financial reporting policies and procedures;
- recruiting more financial reporting and accounting personnel who have adequate U.S. GAAP knowledge;
- training key position staff by U.S. accountant with U.S. corporate accounting experiences, and gaining additional knowledge and professional skills about SEC regulations and U.S. GAAP;
- planning to acquire additional resources to strengthen the financial reporting function and set up a financial and system control framework; and
- establishing effective oversight and clarifying reporting requirements for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are accurate, complete and in compliance with U.S. GAAP and SEC reporting requirements.

Inherent limitation on the effectiveness of internal control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Notwithstanding the material weakness in our internal control over financial reporting, the consolidated unaudited financial statements included in this Quarter Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Changes in Internal Control Over Financial Reporting

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this Quarterly Report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

ITEM 1A. RISK FACTORS.

Summary of Risk Factors

An investment in our ordinary shares is subject to a number of risks, including risks related to our business and industry, risks related to our corporate structure, risks related to doing business in China and risks related to our ordinary shares. You should carefully consider all of the information in this Report before making an investment in the ordinary shares. The following list summarizes some, but not all, of these risks. Please read the information in this section for a more thorough description of these and other risks.

Risks Related to Our Business and Industry

For more detailed discussions of the following risks, see “Risk Factors—Risks Related to our Business and Industry” on pages 18 through 24.

- Our subsidiaries’ business operations are cash intensive, and our subsidiaries’ business could be adversely affected if we fail to maintain sufficient levels of liquidity and working capital;
- We grant relatively long payment terms for accounts receivable which can adversely affect our cash flow;
- Our subsidiaries face short lead-times for delivery of products to customers. Failure to meet delivery deadlines could result in the loss of customers and damage to our reputation and goodwill;
- Our subsidiaries face intense competition, and if we are unable to compete effectively, we may not be able to maintain profitability;
- Our revenues are highly dependent on a limited number of customers and the loss of any one of our subsidiaries’ major customers could materially and adversely affect our growth and revenues;
- As our subsidiaries expand their operations, they may need to establish a more diverse supplier network for raw materials. The failure to secure a more diverse supplier network could have an adverse effect on our financial condition;
- To remain competitive, our subsidiaries are introducing new lines of business, including the production and sale of electric industrial heavy equipment. If these efforts are not successful, our results of operations may be materially and adversely affected;
- New lines of business, including the production and sale of electric industrial heavy equipment, may subject us and our subsidiaries to additional risks;
- Volatile steel prices can cause significant fluctuations in our operating results. Our revenues and operating income could decrease if steel prices increase or if our subsidiaries are unable to pass price increases on to their customers; and
- We are subject to various risks and uncertainties that may affect our subsidiaries’ ability to procure raw materials.

Risks Related to Doing Business in China

For more detailed discussions of the following risks, see “Risk Factors—Risks Related to Doing Business in China” on pages 24 through 35.

- Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations;
- Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer our securities, result in a material adverse change to our business operations, and damage our reputation, which could materially and adversely affect our financial condition and results of operations and cause our securities to significantly decline in value or become worthless. See “Risk Factors—Risks Related to Doing Business in China—The PRC government exerts substantial influence over the manner in which we must conduct our business activities. If the Chinese government significantly regulates the business operations of our PRC subsidiaries in the future and our PRC subsidiaries are not able to substantially comply with such regulations, our business operations may be materially adversely affected and the value of our ordinary shares may significantly decrease” and “Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us and our PRC subsidiaries”;
- The Chinese government may intervene or influence our operations at any time or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. See “Risk Factors—Risks Related to Doing Business in China—The PRC government exerts substantial influence over the manner in which we must conduct our business activities. If the Chinese government significantly regulates the business operations of our PRC subsidiaries in the future and our PRC subsidiaries are not able to substantially comply with such regulations, our business operations may be materially adversely affected and the value of our ordinary shares may significantly decrease”;
- Our future offerings will need to be filed with the CSRC, along with compliance with any other applicable PRC rules, policies and regulations, in connection with any future offering of our securities. Any failure to filing, or delay in filing, or failure to complying with any other applicable PRC requirements for an offering, may subject us to sanctions imposed by the relevant PRC regulatory authority. In addition, if applicable laws, regulations, or interpretations change such that we are required to obtain approval in the future and we fail to obtain such approvals, we may be subject to an investigation by competent regulators, fines or penalties, or an order prohibiting us from conducting an offering, and these risks could result in a material adverse change in our operations and the value of our ordinary shares, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless. See “Risk Factors—Risks Related to Doing Business in China—We are required under PRC laws to submit filings to CSRC for our future offerings. However, we believe that we are not currently required to obtain the approval and/or comply with other requirements of the CSRC, the CAC, or other PRC governmental authorities under PRC rules, regulations or policies in connection with our continued listing on Nasdaq. In the event that any such approval is required or that there are other requirements we are obligated to comply with, we cannot predict whether or how soon we will be able to obtain such approvals and/or comply with such requirements.” and “Risk Factors—Risks Related to Doing Business in China—We may be liable for improper use or appropriation of personal information provided by our customers and any failure to comply with PRC laws and regulations over data security could result in materially adverse impact on our business, results of operations, and our continued listing on Nasdaq”;

- Our subsidiaries may be liable for improper use or appropriation of personal information provided by their customers and any failure to comply with PRC laws and regulations over data security could result in materially adverse impact on our business, results of operations, and our continued listing on Nasdaq;
- You may have difficulty enforcing judgments against us;
- Under the PRC Enterprise Income Tax Law, we may be classified as a “Resident Enterprise” of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders;
- PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from using proceeds from our future financing activities to make loans or additional capital contributions to our PRC subsidiaries;
- We may rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business;
- Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment;
- U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China; and
- Our securities may be delisted and prohibited from being traded under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect our auditor in the future. Any future delisting and cessation of trading of our securities, or the threat of their being delisted and prohibited from being traded, may materially and adversely affect the value of your investment. Additionally, any inability of the PCAOB to conduct inspections of our auditor in the future would deprive our investors of the benefits of such inspections. See “Risk Factors—Risks Related to Doing Business in China—Our ordinary shares may be delisted and prohibited from being traded under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect our auditors. The delisting and the cessation of trading of our ordinary shares, or the threat of their being delisted and prohibited from being traded, may materially and adversely affect the value of your investment. Additionally, any inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.”

Risks Related to Our Ordinary Shares

For more detailed discussions of the following risks, see “Risk Factors—Risks Related to Our Ordinary Shares” on pages 35 through 36.

- Future sales of our ordinary shares, whether by us or our shareholders, could cause the price of our ordinary shares to decline;
- Because we do not expect to pay dividends in the foreseeable future, you must rely on the price appreciation of our ordinary shares for return on your investment; and
- Techniques employed by short sellers may drive down the market price of our ordinary shares.

Risks Related to our Business and Industry

Our subsidiaries' business operations are cash intensive, and our subsidiaries' business could be adversely affected if we fail to maintain sufficient levels of liquidity and working capital.

As of March 31, 2024, we had approximately \$15.99 million of cash and cash equivalents. Historically, we have spent a significant amount of cash on our operational activities, principally to procure raw materials for our subsidiaries' products. Our short-term loans are from Chinese banks and are generally secured by a portion of our fixed assets, land use rights and/or guarantees by related parties. Certain of these loans are secured against a portion of the shares of our PRC subsidiaries. The term of a majority of such loans is one year. Historically, we rolled over such loans on an annual basis. However, we may not have sufficient funds available to pay all of our borrowings upon maturity in the future. Failure to roll over our short-term borrowings at maturity or to service our debt could result in a transfer of the ownership of a portion of the shares of our PRC subsidiaries to secured lenders, the imposition of penalties, including increases in interest rates, legal actions against us by our creditors, and even insolvency.

Although we have been able to maintain adequate working capital primarily through cash from operations and short-term and long-term borrowings, any failure by our customers to settle outstanding accounts receivable, or our inability to borrow sufficient capital from local banks in the future could materially and adversely affect our cash flow, financial condition and results of operations.

We grant relatively long payment terms for accounts receivable which can adversely affect our cash flow.

As is customary in China, for competitive reasons, we grant relatively long payment terms to most of our subsidiaries' customers. The allowances we establish for our receivables may not be adequate. We are subject to the risk that we may be unable to collect accounts receivable in a timely manner. If the accounts receivable cannot be collected in time, or at all, a significant amount of expected credit losses will occur, and our business, financial condition and results of operation will likely be materially and adversely affected.

Our subsidiaries face short lead-times for delivery of products to customers. Failure to meet delivery deadlines could result in the loss of customers and damage to our reputation and goodwill.

Most of our subsidiaries' customers are large manufacturers, who generally place large orders for our subsidiaries' products and require prompt delivery. Our subsidiaries' product sale agreements typically contain short lead-times for the delivery of products and tight production and manufacturer supply schedules that can reduce our profit margins on the products procured from our subsidiaries' suppliers. Our subsidiaries' suppliers may lack sufficient capacity at any given time to meet all of the demands from our subsidiaries' customers if orders exceed their production capacity. Our subsidiaries strive for rapid response to customer demands, which can lead to reduced purchasing efficiency, increased procurement costs and low profit margins. If our subsidiaries are unable to meet the customer demands, they may lose customers. Moreover, failure to meet customer demands may damage our reputation and goodwill.

Our subsidiaries face intense competition, and, if our subsidiaries are unable to compete effectively, we may not be able to maintain profitability.

Our subsidiaries compete with many other companies located in the PRC and internationally that manufacture similar products. Many of our subsidiaries' competitors are larger companies with greater financial resources. Intense competition in a challenging economic environment in the PRC has, in the past, put pressure on our margins and may adversely affect our future financial performance. Moreover, intense competition may result in potential or actual litigation between our subsidiaries and their competitors relating to such activities as competitive sales practices, relationships with key suppliers and customers or other matters.

It is likely that our subsidiaries' competitors will seek to develop similar competing products in the near future. Some of our subsidiaries' competitors may have more resources than our subsidiaries do, operate in greater scale, be more capitalized than our subsidiaries are, have access to cheaper raw materials than our subsidiaries do, or offer products at a more competitive price. There can be no assurance that our initial competitive advantage will be retained and that one or more competitors will not develop products that are equal or superior in quality and are better priced than our subsidiaries' products. If our subsidiaries are unable to compete effectively, our results of operations and financial position may be materially and adversely affected.

Our revenues are highly dependent on a limited number of customers and the loss of any one of our subsidiaries' major customers could materially and adversely affect our growth and revenues.

During the three months ended March 31, 2024 and 2023, our subsidiaries' five largest customers contributed 41.29% and 51.79% of our revenues, respectively. For the three months ended March 31, 2024 and 2023, Greenland's single largest customer, Hangcha Group, accounted for 14.15% and 19.55%, respectively, of Greenland's total revenue, and Greenland's second largest customer, Longgong Forklift Truck, accounted for 11.18% and 11.49%, respectively, of Greenland's total revenue. As a result of our subsidiaries' reliance on a limited number of customers, our subsidiaries may face pricing and other competitive pressures, which may have a material adverse effect on our profits and our revenues. The volume of products sold for specific customers varies from year to year, especially since our subsidiaries are not the exclusive provider for any customers. In addition, there are a number of factors that could cause the loss of a customer or a substantial reduction in the products that our subsidiaries provide to any customer that may not be predictable. For example, our subsidiaries' customers may decide to reduce spending on our subsidiaries' products or a customer may no longer need our subsidiaries' products following the completion of a project. The loss of any one of our subsidiaries' major customers, a decrease in the volume of sales to our subsidiaries' customers or a decrease in the price at which our subsidiaries sell their products to customers could materially adversely affect our profits and revenues.

In addition, this customer concentration may subject our subsidiaries to perceived or actual leverage that our subsidiaries' customers may have in negotiations, given their relative size and importance to our subsidiaries. If our subsidiaries' customers seek to negotiate their agreements on terms less favorable to our subsidiaries and our subsidiaries accept such terms, such unfavorable terms may have a material adverse effect on our subsidiaries' business and our financial condition and results of operations. Accordingly, unless and until our subsidiaries diversify and expand their customer base, our future success will significantly depend upon the timing and volume of business from our subsidiaries' largest customers and the financial and operational success of these customers.

As our subsidiaries expand their operations, they may need to establish a more diverse supplier network for raw materials. The failure to secure a more diverse supplier network could have an adverse effect on our financial condition.

In the event that our subsidiaries need to diversify their supplier network, our subsidiaries may not be able to procure a sufficient supply of raw materials at a competitive price, which could have an adverse effect on our results of operations, financial condition and cash flows. Furthermore, despite our subsidiaries' efforts to control their supply of raw materials and maintain good relationships with their existing suppliers, our subsidiaries could lose one or more of their existing suppliers at any time. The loss of one or more key suppliers could increase our subsidiaries' reliance on higher cost or lower quality supplies, which could negatively affect our profitability. Any interruptions to, or decline in, the amount or quality of our subsidiaries' raw materials supply could materially disrupt our subsidiaries' production and adversely affect our subsidiaries' business and our financial condition and financial prospects.

To remain competitive, our subsidiaries have introduced new lines of business, including the production and sale of electric industrial heavy equipment. If these efforts are not successful, our results of operations may be materially and adversely affected.

Prior to December 2020, through Zhongchai Holding and its PRC subsidiaries, our products mainly included transmission systems and integrated powertrains for material handling machineries, particularly for electric forklift trucks. In December 2020, through HEVI, we launched a new division to focus on the production and sale of electric industrial heavy equipment—a division that Greenland intends to develop to diversify its product offerings. HEVI's electric industrial heavy equipment products currently include GEF-series electric forklifts, a series of lithium powered forklifts with three models ranging in size from 1.8 tons to 3.5 tons, GEL-1800, a 1.8 ton rated load lithium powered electric wheeled front loader, GEX-8000, an all-electric 8.0 ton rated load lithium powered wheeled excavator, and GEL-5000, an all-electric 5.0 ton rated load lithium wheeled front loader. HEVI also introduced mobile DC battery chargers to support a growing market of EV applications requiring DC charging capabilities in the North America market. These products are available for purchase in the U.S. market. In August 2022, HEVI launched a 54,000 square foot industrial electric vehicle assembly site in Baltimore, Maryland to support local services, assembly and distribution of its electric industrial heavy equipment product line.

There are risks in connection with this new line of business. HEVI may experience difficulties in the development and launch of electric industrial heavy equipment, and HEVI's products may not be well-accepted by the market. As we have limited experience in the electric industrial heavy equipment business, our efforts in developing such business may not succeed and we may not be able to generate sufficient revenue to cover our investment and become profitable. During such process, our results of operations and financial conditions may not be improved in a timely manner, or at all. We cannot assure you that we will successfully transition our business focus and it is possible that we remain in such transition period for an extended period of time. During such period, our revenue may be very limited and we may continue to experience material and adverse effects to our results of operations, financial condition and business prospects.

New lines of business, including the production and sale of electric industrial heavy equipment, may subject us and our subsidiaries to additional risks.

From time to time, we may implement new lines of business or offer new products within our subsidiaries' existing lines of business. Currently, we plan to offer additional models of electric industrial heavy equipment through HEVI. As such, we face significant challenges, uncertainties and risks, including, among others, with respect to our subsidiaries' ability to:

- build a well-recognized and respected brand;
- establish and expand our customer base;
- improve and maintain our operational efficiency for new lines of business;
- maintain a reliable, secure, high-performance and scalable technology infrastructure for our new lines of business;
- anticipate and adapt to changing market conditions, including technological development and changes in competitive landscape;
- navigate an evolving and complex regulatory environment, such as licensing and compliance requirements; and
- manage the resources and attention of management between our current core business and new lines of business.

Moreover, there can be no assurance that the introduction and development of new lines of business or new products and services would not encounter significant difficulties or delay or would achieve the profitability as we expect. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our subsidiaries' business and our results of operations and prospects. For example, HEVI may experience difficulties in developing and launching additional models of electric industrial heavy equipment, or may not be able to develop them at reasonable costs. Due to HEVI's limited experience with electric industrial heavy equipment, HEVI also face challenges and uncertainties relating to the possibility of success of this new business.

As our subsidiaries enter into new business sectors, our subsidiaries are also subject to competition from such industries. There can be no assurance that our subsidiaries will be able to compete effectively with respect to their new businesses. If our subsidiaries fail to establish their strengths or maintain their competitiveness in those industries, our business prospects, results of operations and financial condition may be materially and adversely affected.

Volatile steel prices can cause significant fluctuations in our operating results. Our revenues and operating income could decrease if steel prices increase or if our subsidiaries are unable to pass price increases on to their customers.

Our subsidiaries' principal raw materials are processed metal parts and components which are made of carburizing steel. The steel industry as a whole is cyclical and, at times, pricing and availability of steel can be volatile due to numerous factors beyond our subsidiaries' control, including general domestic and international economic conditions, labor costs, sales levels, competition, levels of inventory, consolidation of steel producers, higher raw material costs for steel producers, import duties and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials.

Our subsidiaries' suppliers, like many other processed metal parts and components manufacturers, maintain substantial inventories of steel to accommodate the short lead times and just-in-time delivery requirements of customers. Accordingly, our subsidiaries' suppliers purchase steel in an effort to maintain their inventory at levels that they believe to be appropriate to satisfy the anticipated needs of customers based upon historic buying practices, supply agreements with customers and market conditions. When steel prices increase, competitive conditions will influence how much of the price increase suppliers would pass on to our subsidiaries and how much our subsidiaries can pass on to their customers. To the extent our subsidiaries are unable to pass on future price increases in raw materials to their customers, the revenues and profitability of our business could be adversely affected.

We are subject to various risks and uncertainties that might affect our subsidiaries' ability to procure raw materials.

Our performance depends upon our subsidiaries' ability to procure low cost, high quality raw materials on a timely basis from their suppliers. Our subsidiaries' suppliers are subject to certain risks, including the availability of raw materials, labor disputes, inclement weather, natural disasters, and general economic and political conditions, which might limit the ability of our subsidiaries' suppliers to provide low cost, high quality merchandise on a timely basis. Furthermore, for these or other reasons, one or more of our subsidiaries' suppliers might not adhere to our subsidiaries' quality control standards, and our subsidiaries might not identify the deficiency. Any failure by our subsidiaries' suppliers to supply quality materials at a reasonable cost on a timely basis could reduce our net sales or profits, damage our reputation and have an adverse effect on our financial condition.

Our subsidiaries may lose their competitive advantage, and their operations may suffer, if we fail to prevent the loss or misappropriation of, or disputes over, their intellectual property.

Our subsidiaries rely on a combination of patents, trademarks, trade secrets and confidentiality agreements to protect their intellectual property rights. While our subsidiaries are not currently aware of any infringement on their intellectual property rights, our subsidiaries' ability to compete successfully and to achieve future revenue growth will depend, in significant part, on their ability to protect their proprietary technology. Despite many laws and regulations promulgated, as well as other efforts made, by China over the past several years in an attempt to protect intellectual property rights, intellectual property rights are not as certain in China as they would be in many Western countries, including the United States. Furthermore, enforcement of such laws and regulations in China has not been fully developed. Neither the administrative agencies nor the court systems in China are as equipped as their counterparts in developed countries to deal with violations or handle the nuances and complexities between compliant technological innovation and non-compliant infringement.

Our subsidiaries' transmission technology is protected through a combination of patents, trade secrets, confidentiality agreements and other methods. However, our subsidiaries' competitors may independently develop similar proprietary methodologies or duplicate our products, or develop alternatives, which could have a material adverse effect on our subsidiaries' business and our results of operations and financial condition. The misappropriation or duplication of our subsidiaries' intellectual property could disrupt their ongoing business, distract our management and employees, reduce our revenues and increase our expenses. Our subsidiaries may need to litigate to enforce their intellectual property rights. Any such litigation could be time consuming and costly and the outcome of any such litigation cannot be guaranteed.

Our PRC subsidiaries have limited insurance coverage for their operations in China and may incur losses resulting from product liability claims, business interruption or natural disasters.

HEVI, an operating subsidiary of ours in the U.S., maintains commercial general liability insurance for its business operations. However, our PRC subsidiaries have limited insurance coverage for their operations in China, and our PRC subsidiaries are therefore exposed to risks associated with product liability claims against our PRC subsidiaries or otherwise against their operations in the PRC in the event that the use of our PRC subsidiaries' products results in property damage or personal injury. Since our subsidiaries' transmission products are ultimately incorporated into forklifts, it is possible that users of forklifts or people installing these products could be injured or killed, whether as a result of defects, improper installation or other causes. We are unable to predict whether product liability claims will be brought against our PRC subsidiaries in the future or to predict the impact of any resulting adverse publicity on our PRC subsidiaries' business. The successful assertion of product liability claims against our PRC subsidiaries could result in potentially significant monetary damages and require us to make significant payments. Our subsidiaries do not carry product liability insurance and may not have adequate resources to satisfy a judgment in the event of a successful claim against us. In addition, our subsidiaries do not currently, and may not in the future, maintain business interruption insurance coverage. As such, our subsidiaries may suffer losses that result from interruptions in their operations as a result of inability to operate or failures of equipment and infrastructure at our subsidiaries' facilities. Our subsidiaries also do not currently maintain catastrophe insurance. As such, any natural disaster or man-made disaster could result in substantial losses and diversion of our subsidiaries' resources to address the effects of such an occurrence, which could materially and adversely affect our subsidiaries' business and our financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Our PRC subsidiaries are required under PRC laws to participate in various government sponsored employee benefit plans, including social security insurance, housing funds and other welfare-oriented payments, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where our PRC subsidiaries operate their businesses. Our PRC subsidiaries have not made adequate employee benefit payments to the social security insurance and the housing fund. As a result, they may be required to make up the contributions for these plans within a stipulated period of time. In addition, our PRC subsidiaries may be required to pay late fees equal to 0.05% of the shortage of the contributions to the social security fund for each day our PRC subsidiaries fail to make up the contributions and may be imposed fines up to three times of such shortage if our PRC subsidiaries fail to make up the difference within the time frame prescribed by relevant government authorities. The maximum amount of such penalties that we anticipate could be imposed on our PRC subsidiaries with respect such employee benefits payments is approximately US\$200,000. If our PRC subsidiaries are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. As of the date of this Report, our PRC subsidiaries have not been ordered to pay outstanding contributions or related penalties.

If labor costs in the PRC increase substantially, our PRC subsidiaries' business and our costs of operations may be adversely affected.

In recent years, the Chinese economy has experienced inflation and labor cost increases. Average wages are projected to continue to increase. Further, under PRC law an employer is required to pay various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of its employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase based on the past trends. If we are unable to control our labor costs or pass such increased labor costs on to our subsidiaries' customers, our financial condition and results of operations may be adversely affected.

The ongoing COVID-19 pandemic has adversely affected and could continue to adversely affect our business, results of operations and financial condition.

The ongoing COVID-19 pandemic has continued to spread across the world and has created unique global and industry-wide challenges. COVID-19 has resulted in quarantines, travel restrictions, and the temporary closure of offices and facilities in China and many other countries. New COVID-19 variants have also emerged, potentially extending the period during which COVID-19 will negatively impact the global economy.

Since 2021, a few waves of COVID-19 infections emerged in various regions of China, and in response, the Chinese government implemented certain anti-COVID measures and protocols. Chinese industries have gradually resumed businesses as the Chinese government lifted its COVID-19 protocols and measures since December 2022. The COVID-19 pandemic has not resulted in significant impact on our operations for the three months ended March 31, 2024 and 2023.

However, the potential downturn brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, and any associated negative impact on us will depend on many factors beyond our control. The extent to which the COVID-19 pandemic impacts our future results remains uncertain, and we are closely monitoring its impact on us. Our subsidiaries' business and our results of operations, financial conditions and prospects could be adversely affected directly, as well as indirectly, to the extent that the ongoing COVID-19 pandemic harms the Chinese and global economy in general.

We may not be able to effectively protect our intellectual property from unauthorized use by others.

Through its subsidiaries, we hold patents, trademarks and other intellectual properties that are critical to our business in the PRC. Any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. We cannot assure you that (i) all of the intellectual property rights we owned will be adequately protected, or (ii) our intellectual property rights will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Moreover, there can be no assurance that we will obtain such trademarks and any other trademarks that are crucial to our business in the future. Thus, third parties may also take the position that we are infringing their rights, and we may not be successful in defending these claims. Additionally, we may not be able to enforce and defend its proprietary rights or prevent infringement or misappropriation, without incurring substantial expenses to us and a significant diversion of management time and attention from our business strategy.

To protect our patents, trademarks and other proprietary rights, we rely on and expect to continue to rely on a combination of physical and electronic security measures and trademark, patent and trade secret protection laws. If the measures we have taken to protect our proprietary rights are inadequate to prevent the use or misappropriation by third parties or such rights are diminished due to successful challenges, the value of our brand and other intangible assets may be diminished and our ability to attract and retain customers may be adversely affected.

Competition for our and our subsidiaries' employees is intense, and we and our subsidiaries may not be able to attract and retain the highly skilled employees needed to support our subsidiaries' business.

As we continue to experience growth, our future success depends on our and our subsidiaries' ability to attract, develop, motivate and retain highly qualified and skilled employees, including engineers, financial personnel and marketing professionals. Competition for highly skilled engineering, sales, technical and financial personnel is extremely intense. We and our subsidiaries may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we and our subsidiaries compete for experienced employees have greater resources than we and our subsidiaries have and may be able to offer more attractive terms of employment.

In addition, we and our subsidiaries invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we and our subsidiaries fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our products could decrease, resulting in a material adverse effect on our subsidiaries' business.

Our business depends on the continued efforts of our senior management. If one or more of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our business operations depend on the continuing services of our senior management. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our future growth may be constrained, business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into a non-competition agreement with Mr. Peter Zuguang Wang, the chairman of our board of directors, there is no assurance that Mr. Wang will not join our competitors or form a competing business. If any dispute arises between us and Mr. Wang, we may incur substantial costs and expenses in order to enforce the non-competition agreement in China, and we may be unable to enforce it at all.

We do not maintain “key person” insurance, and as a result, we may incur losses if any of our directors, executive officers, senior manager or other key employees chooses to terminate his or her services with us.

We do not maintain “key person” insurance for our directors, executive officers, senior management or other key employees. If any of our key employees terminate his or her services or otherwise becomes unable to provide continuous services to us, our business, financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, operational know-how and key professionals and staff members.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing invasion of Ukraine by Russia and conflicts between Israel and Hamas.

U.S. and global markets are experiencing volatility and disruption as a result of the outbreak or escalation of wars including Russia’s launch of a full-scale military invasion of Ukraine, conflicts between Israel and Hamas. Although the length and impact of these ongoing conflicts are highly unpredictable, these conflicts have led to market disruptions, including significant volatility in commodity prices, credit, and capital markets. In addition, as a result of the ongoing conflicts around the world, we may experience other risks, difficulties and challenges in the way we conduct our business and operations generally. For example, the conflict could adversely affect supply chains and impact our ability to control raw material costs. A protracted conflict between Ukraine and Russia or between Israel and Hamas, any escalation of either conflict, and the wider global economy and market conditions could, in turn, have a material adverse impact on our business, financial condition, cash flows and results of operations and could cause the market value of our ordinary shares to decline.

High inflation rates may adversely affect us by increasing costs beyond what we can recover through price increases and limit our ability to enter into future traditional debt financing.

Inflation can adversely affect us by increasing costs of critical materials, equipment, labor, and other services. In addition, inflation is often accompanied by higher interest rates. Continued inflationary pressures could impact our profitability. Inflation may also affect our ability to enter into future traditional debt financing, as high inflation may result in an increase in cost.

The outcome of litigation, inquiries, investigations, examinations, or other legal proceedings in which we are involved, in which we may become involved, or in which our clients or competitors are involved could distract management, increase our expenses, or subject us to significant monetary damages or restrictions on our ability to do business.

From time to time, we are subject to litigations or legal proceedings in connection with our business operations. The scope and outcome of these proceedings is often difficult to assess or quantify. Plaintiffs in lawsuits may seek recovery of large amounts, and the cost to defend such litigation may be significant.

For example, on April 26, 2024, all of the Company’s current directors, the Company’s chief executive officer, and the Company’s controlling shareholder, Cenntro Holding Limited, were named as defendants (collectively, the “Defendants”), and the Company was named as a nominal defendant in a shareholder derivative action filed in the United States District Court for the District of New Jersey. The complaint alleges, inter alia, that Defendants breached their fiduciary duties owed to the Company, committed waste and violated Section 16(a) of the Securities and Exchange Act of 1934, as amended. The complainant seeks: (i) on behalf of the Company, monetary damages of no less than \$38,060,365; (ii) to restrict Mr. Peter Wang, the chairman of the Company’s board of directors from selling ordinary shares of the Company until Cenntro Holding Limited has paid off its amount due to the Company and setting up a trust over any future funds from sales of the Company’s ordinary shares by Mr. Peter Wang or Cenntro Holding Limited; (iii) that the Defendants disgorge profits obtained as a result of their wrongful conduct; (iv) to enjoin of the Company’s proposed spin-off transaction; (v) attorney fees and costs; and (vi) any other relief the court may deem just and proper.

Any negative outcomes from above material litigation or any other regulatory actions or litigation or claims, including monetary penalties or damages or injunctive provisions regulating or restricting how we conduct our business could have a material adverse effect on our business, financial condition, results of operations and reputation. Regardless of whether any current or future claims in which we are involved have merit, or whether we are ultimately held liable or subject to payment of penalties, such investigations and claims have been and may continue to be expensive to defend, may divert management’s time away from our operations and may result in changes to our business practices that adversely affect our results of operations.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

A substantial majority of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally. The PRC economy differs from the economies of most developed countries in many respects, including with regard to the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies.

The PRC government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our subsidiaries' products and adversely affect our subsidiaries' competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us and our subsidiaries. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

Uncertainties with respect to the PRC legal system could adversely affect us and our PRC subsidiaries.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and the enforcement of these laws, regulations and rules involves uncertainties.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our and/or our PRC subsidiaries' judgment on the relevance of legal requirements and our/our PRC subsidiaries' ability to enforce our/their contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us and our PRC subsidiaries.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we and/or our PRC subsidiaries may not be aware of our/their violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

In addition, we and our PRC subsidiaries are subject to risks and uncertainties of the interpretations and applications of PRC laws and regulations, including, but not limited to, limitations on foreign ownership in the industry our PRC subsidiaries operate. We and our PRC subsidiaries are also subject to the risks and uncertainties about any future actions of the PRC government. If any future actions of the PRC government result in a material change in our operations, and the value of our ordinary shares may depreciate significantly or become worthless.

The PRC government exerts substantial influence over the manner in which our PRC subsidiaries must conduct their business activities. If the Chinese government significantly regulates the business operations of our PRC subsidiaries in the future and our PRC subsidiaries are not able to substantially comply with such regulations, the business operations of our PRC subsidiaries may be materially and adversely affected and the value of our ordinary shares may significantly decrease.

The PRC government has exercised, and continues to exercise, substantial control over virtually every sector of the Chinese economy through regulation and state ownership, including steel sector where our PRC subsidiaries have been doing their business. Any government decisions or actions to change the way steel production is regulated, or any decisions the government might make to cut spending, could adversely impact our PRC subsidiaries' business and our results of operations. In addition, the ability of our PRC subsidiaries to operate in China may be harmed by changes in PRC laws and regulations, including those relating to taxation, environmental conditions, land use rights, property and other matters. The central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

We believe that our PRC subsidiaries' operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which our PRC subsidiaries operate may impose new, stricter regulations or interpretations of existing regulations with little advance notice that would require additional expenditures and efforts on their part to ensure our subsidiaries' compliance with such regulations or interpretations.

Our PRC subsidiaries may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. In the event that our PRC subsidiaries are not able to substantially comply with any existing or newly adopted laws and regulations, our business operations may be materially adversely affected and the value of our ordinary shares may significantly decrease.

Furthermore, the PRC government authorities may strengthen oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers like us. Such actions taken by the PRC government authorities may intervene or influence the operations of our PRC subsidiaries at any time, which may be beyond our control. Therefore, any such action may adversely affect the operations of our PRC subsidiaries and substantially limit or hinder our ability to offer or continue to offer securities to you and significantly reduce the value of such securities or cause the value of such securities to be completely worthless.

We are required under PRC laws to submit filings to CSRC for our future offerings. However, we believe that we and our PRC subsidiaries are not currently required to obtain the approval and/or comply with other requirements of the CSRC, the CAC, or other PRC governmental authorities under PRC rules, regulations or policies in connection with our continued listing on Nasdaq. In the event that any such approval is required or that there are other requirements we and/or our PRC subsidiaries are obligated to comply with, we cannot predict whether or how soon we and/or our PRC subsidiaries will be able to obtain such approvals and/or comply with such requirements.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of those regulations remain unclear.

In addition, the PRC government authorities may strengthen future oversight over offerings that are conducted overseas. For instance, on July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, which emphasized the need to strengthen the PRC government’s supervision over overseas listings by PRC companies. Pursuant to the Opinions, effective measures, such as promoting the construction of relevant regulatory systems, are to be taken to deal with the risks of China-based overseas-listed companies, cybersecurity and data privacy protection requirements and similar matters. The Cybersecurity Review Measures (Decree No. 8 of the Cybersecurity Administration of the PRC), or the revised Cybersecurity Review Measures, enacted on December 28, 2021 and came into effect on February 15, 2022, also require online platform operators holding over one million users’ personal information to apply for a cybersecurity review before any public offering on a foreign stock exchange. These statements and regulations are recently issued, and there remain substantial uncertainties about their interpretation and implementation. See also “—Our PRC subsidiaries may be liable for improper use or appropriation of personal information provided by their customers and any failure to comply with PRC laws and regulations over data security could result in materially adverse impact on our business, results of operations, and our continued listing on Nasdaq.”

On February 17, 2023, the CSRC published the Regulations of Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”) and its accompanying guidelines and instructions, which came into effect on March 31, 2023, and will apply if a domestic enterprise issues shares, depositary receipts, corporate bonds convertible into shares, or other securities of an equity nature outside of the PRC, or lists its securities for trading outside of the PRC. According to such regulations, a domestic enterprise that issues and lists its securities outside of the PRC shall comply with the filing procedures and report the relevant information to the CSRC. A domestic enterprise shall not be listed on an overseas stock exchange if any of the following circumstances exists: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. The Trial Measures changes the management of licensing to record management, strengthen the supervision in the aftermath, create a more transparent and predictable institutional environment, and support the standardized development of enterprises using the overseas capital market.

According to the Notice on Filing Management Arrangements for Overseas Listings of Domestic Enterprises issued and implemented by the CSRC on February 17, 2023, since the date of effectiveness of the Trial Measures, the domestic enterprises falling within the scope of filing that have been listed overseas or met the following circumstances are existing enterprises: Before the effectiveness of the Trial Measures, the application for indirect overseas issuance and listing has been agreed by the overseas regulators or overseas stock exchanges (such as having passed the hearing on the Hong Kong market or registration become effective as agreed on the U.S. market, etc.), and it is not required to perform issuance and listing supervision procedures of the overseas regulators or overseas stock exchanges (such as rehearing on the Hong Kong market, etc.), and the overseas issuance and listing will be completed by September 30, 2023. According to the above regulations, the Company is an existing enterprise, which do not be required to file immediately, and filing should be made as required if they involve refinancing and other filing matters.

As of the date of this Report, we believe we and our PRC subsidiaries are not required to obtain any permission from PRC authorities (including the CSRC and the CAC) to operate our PRC subsidiaries’ business as presently conducted or listing on Nasdaq. Therefore, as of the date of this Report, we and our PRC subsidiaries have not applied for any permission or approval from any PRC governmental authority in connection with our offshore listing or offering and, as such, no such permission or approval has been granted or denied. However, if it fails to comply with the Trial Measures during future issuance of securities or listing on other stock exchanges outside of China, we may be subjected sanctions imposed by the PRC regulatory authorities, and our reputation, financial condition, and results of operations may be materially and adversely affected.

Our PRC subsidiaries may be liable for improper use or appropriation of personal information provided by their customers and any failure to comply with PRC laws and regulations over data security could result in materially adverse impact on our business, results of operations, and our continued listing on Nasdaq.

Our PRC subsidiaries' business involves collecting and retaining certain internal and customer data. Our PRC subsidiaries also maintain information about various aspects of their operations. The integrity and protection of customer and company data is critical to our business. Our subsidiaries' customers expect that our subsidiaries will adequately protect their personal information. Our PRC subsidiaries are required by applicable laws to keep strictly confidential the personal information that they collect, and to take adequate security measures to safeguard such information.

The PRC Criminal Law, as amended by its Amendment 7 (effective on February 28, 2009) and Amendment 9 (effective on November 1, 2015), prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen's personal information obtained in performing duties or providing services or obtaining such information through theft or other illegal ways. On November 7, 2016, the Standing Committee of the PRC National People's Congress issued the Cyber Security Law of the PRC, or Cyber Security Law, which became effective on June 1, 2017. Pursuant to the Cyber Security Law, network operators must not, without users' consent, collect their personal information, and may only collect users' personal information necessary to provide their services. Providers are also obliged to provide security maintenance for their products and services and shall comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations.

The Civil Code of the PRC (issued by the PRC National People's Congress on May 28, 2020 and effective from January 1, 2021) provides the legal basis for privacy and personal information infringement claims under the Chinese civil laws. PRC regulators, including the CAC, the Ministry of Industry and Information Technology, and the Ministry of Public Security, have been increasingly focused on regulation in data security and data protection.

The PRC regulatory requirements regarding cybersecurity are evolving. For instance, various regulatory bodies in China, including the CAC, the Ministry of Public Security and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. In April 2020, the Chinese government promulgated Cybersecurity Review Measures, which came into effect on June 1, 2020. According to the Cybersecurity Review Measures, operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security.

In December 2021, the CAC and other related authorities promulgated the revised Cybersecurity Review Measures, which came into effect on February 15, 2022. The revised Cybersecurity Review Measures propose the following key changes:

- online platform operators who are engaged in data processing are also subject to the regulatory scope;
- the CSRC is included as one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review working mechanism;
- the online platform operators holding more than one million users' individual information and seeking a listing outside China shall file for cybersecurity review with the Cybersecurity Review Office; and
- the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process.

Certain internet platforms in China have reportedly become subject to heightened regulatory scrutiny in relation to cybersecurity matters. As of the date of this Report, we have not been included within the definition of “operator of critical information infrastructure” by a competent authority, nor have we been informed by any PRC governmental authority of any requirement that we file for a cybersecurity review. However, if we are deemed to be a critical information infrastructure operator or an online platform operator that is engaged in data processing and holds personal information of more than one million users, we could be subject to PRC cybersecurity review in the future.

As there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations, we could be subject to cybersecurity review. In addition, we could become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, including suspension of business, website closure and revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions against us and/or our PRC subsidiaries, which may have material adverse effect on our business, financial condition or results of operations. As of the date of this Report, we and our PRC subsidiaries have not been involved in any investigations on cybersecurity review initiated by the CAC or related governmental regulatory authorities, and we and our PRC subsidiaries have not received any inquiry, notice, warning, or sanction in such respect.

On June 10, 2021, the Standing Committee of the National People’s Congress of China, or the SCNPC, promulgated the PRC Data Security Law, which took effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data an information.

As of the date of this Report, we do not expect that the current PRC laws on cybersecurity or data security would have a material adverse impact on our business operations. However, as the scope of the PRC Data Security Law is broad and includes the collection, storage, use, processing, transmission, availability and disclosure of data, among others, and uncertainties remain regarding the interpretation and implementation of these laws and regulations, we cannot assure you that we and our PRC subsidiaries will comply with such regulations in all respects and we and/or our PRC subsidiaries may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. Any directly liable person within our Company for violations or alleged violations of the PRC Data Security Law may become subject to fines. We and/or our PRC subsidiaries may also become subject to fines and/or other sanctions that may have material adverse effect on our business, operations and financial condition.

A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business and our financial condition.

The global macroeconomic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria, Russia and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in, or intensify potential conflicts in relation to, territorial disputes, and the trade disputes between China and other countries. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Although growth of China's economy remained relatively stable, there is a possibility that China's economic growth may materially decline in the near future. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

You may have difficulty enforcing judgments against us.

A significant portion of our assets are located, and a substantial amount of our subsidiaries' operations are conducted, in the PRC. In addition, some of our directors and officers are nationals or residents of the PRC, including our chief financial officer, Mr. Jing Jin, and independent director, Mr. Ming Zhao, and a substantial majority of their assets are located outside the United States. As a result, it may be difficult to effect service of process within the United States upon these persons. In addition, there is uncertainty as to whether the courts of the PRC would recognize or enforce judgments of U.S. courts because China does not have any treaties or other arrangements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates basic principles of PRC law or national sovereignty, security, or the public interest.

Under the PRC Enterprise Income Tax Law, we may be classified as a "Resident Enterprise" of China. Any classification as such will likely result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be subject to an enterprise income tax, or EIT, rate of 25.0% on its global income. In April 2009, the SAT promulgated a circular, known as Circular 82, and partially amended by Circular 9 promulgated in January 2014, to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises or PRC enterprise groups. Under Circular 82, a foreign enterprise is considered a PRC resident enterprise if all of the following apply: (1) the senior management and core management departments in charge of daily operations are located mainly within China; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (4) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. Further to Circular 82, the SAT issued a bulletin, known as Bulletin 45, effective in September 2011 and amended on June 1, 2015 and October 1, 2016, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese controlled offshore incorporated resident enterprises." Bulletin 45 provides for, among other matters, procedures for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises that are registered outside China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect the SAT's criteria for determining the tax residence of foreign enterprises in general.

If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Second, under the PRC EIT Law, dividends paid to us from our PRC subsidiaries would be deemed as “qualified investment income between resident enterprises” and therefore qualify as “tax-exempt income” pursuant to the clause 26 of the PRC EIT Law. Finally, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which the dividends we pay with respect to our ordinary shares, or the gain our non-PRC shareholders may realize from the transfer of our ordinary shares, may be treated as PRC-sourced income and may therefore be subject to a 10% PRC withholding tax. The PRC EIT Law is, however, relatively new and ambiguities exist with respect to the interpretation and identification of PRC-sourced income, and the application and assessment of withholding taxes. If we are required under the PRC EIT Law to withhold PRC income tax on dividends payable to our non-PRC shareholders, should there be a determination in the future to pay dividends, or if non-PRC shareholders are required to pay PRC income tax on gains on the transfer of their ordinary shares, our business could be negatively impacted and the value of your investment may be materially reduced. Further, if we were treated as a “resident enterprise” by PRC tax authorities, we would be subject to taxation in both China and such countries in which we have taxable income, and our PRC tax may not be creditable against such other taxes.

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from using proceeds from our future financing activities to make loans or additional capital contributions to our PRC subsidiaries.

As an offshore holding company with PRC subsidiaries, we may transfer funds to our PRC subsidiaries or finance our PRC entities by means of loans or capital contributions. Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, are subject to PRC regulations. Any loans to our PRC subsidiaries, which are foreign-invested enterprises, cannot exceed statutory limits based on the difference between the amount of our investments and registered capital in such subsidiaries, and shall be registered with State Administration of Foreign Exchange, or SAFE, or its local counterparts. Furthermore, any capital increase contributions we make to our PRC subsidiaries, which are foreign-invested enterprises, are subject to the requirement of making necessary reports in Foreign Investment Comprehensive Management Information System, and registration with other government authorities in China. We may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to obtain such approvals or make such registration, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be negatively affected, which may adversely affect their liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments. As a result, our liquidity and our ability to fund and expand our business may be negatively affected.

We may rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business.

As a holding company, we conduct a substantial amount of our business through our subsidiaries in China. We may rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. In accordance with the Article 166, 168 of the Company Law of the PRC (Amended in 2018), each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory common reserve fund of a company may only be used to cover the losses of the company, expand the business and production of the company or be converted into additional capital. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict such subsidiary’s ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our ordinary shares.

Under the PRC EIT Law, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10.0% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10.0% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the PRC and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

There is a risk that we will be treated by the PRC tax authorities as a PRC tax resident enterprise. In that case, any dividends we pay to our shareholders may be regarded as income derived from sources within China and we may be required to withhold a 10.0% PRC withholding tax for the dividends we pay to our investors who are non-PRC corporate shareholders, or a 20.0% withholding tax for the dividends we pay to our investors who are non-PRC individual shareholders, including the holders of our Shares. In addition, our non-PRC shareholders may be subject to PRC tax on gains realized on the sale or other disposition of our ordinary shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their tax residence and China in the event that we are considered as a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our ordinary shares or on dividends paid to our non-resident investors, should there be a determination in the future to pay dividends, the value of your investment in our ordinary shares may be materially and adversely affected. Furthermore, our shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

We may be unable to complete a business combination transaction efficiently or on favorable terms due to complicated merger and acquisition regulations and certain other PRC regulations.

On August 8, 2006, six PRC regulatory authorities, including Ministry of Commerce, the State Assets Supervision and Administration Commission, the SAT, the Administration for Industry and Commerce, the CSRC and SAFE, jointly issued the M&A Rules, which became effective on September 8, 2006 and were amended in June 2009. The M&A Rules, governing the approval process by which a PRC company may participate in an acquisition of assets or equity interests by foreign investors, requires the PRC parties to make a series of applications and supplemental applications to the government agencies, depending on the structure of the transaction. In some instances, the application process may require presentation of economic data concerning a transaction, including appraisals of the target business and evaluations of the acquirer, which are designed to allow the government to assess the transaction. Accordingly, due to the M&A Rules, our ability to engage in business combination transactions has become significantly more complicated, time-consuming and expensive, and we may not be able to negotiate a transaction that is acceptable to our shareholders or sufficiently protective of their interests in a transaction.

The M&A Rules allow PRC government agencies to assess the economic terms of a business combination transaction. Parties to a business combination transaction may have to submit to Ministry of Commerce and other relevant government agencies an appraisal report, an evaluation report and the acquisition agreement, all of which form part of the application for approval, depending on the structure of the transaction. The M&A Rules also prohibit a transaction at an acquisition price obviously lower than the appraised value of the business or assets in China and in certain transaction structures, require that consideration must be paid within defined periods, generally not in excess of a year. In addition, the M&A Rules also limit our ability to negotiate various terms of the acquisition, including aspects of the initial consideration, contingent consideration, holdback provisions, indemnification provisions and provisions relating to the assumption and allocation of assets and liabilities. Transaction structures involving trusts, nominees and similar entities are prohibited. Therefore, such regulations may impede our ability to negotiate and complete a business combination transaction on legal and/or financial terms that satisfy our investors and protect our shareholders' economic interests.

Fluctuations in exchange rates could have a material adverse impact on our results of operations and the value of your investment.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant fluctuation of the Renminbi may have a material adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. As of the date of this Report, we have not entered into any material hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a significant portion of our revenues in Renminbi. Under our current corporate structure, our British Virgin Islands holding company may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our Company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. If such approval is withheld or the PRC government imposes other restrictions on the convertibility of Renminbi into foreign currencies, we may not be able to utilize our revenues effectively, and as a result, our business and results of operations may be materially adversely affected, and the value of our ordinary shares may decrease.

U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China.

The SEC, the U.S. Department of Justice and other U.S. authorities may also have difficulties in bringing and enforcing actions against us or our directors or executive officers in the PRC. The SEC has stated that there are significant legal and other obstacles to obtaining information needed for investigations or litigation in China. China has recently adopted a revised securities law that became effective on March 1, 2020, Article 177 of which provides, among other things, that no overseas securities regulator is allowed to directly conduct an investigation or evidence collection activities within the territory of the PRC. Accordingly, without governmental approval in China, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted outside of China.

Our ordinary shares may be delisted and prohibited from being traded under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect our auditors. The delisting and the cessation of trading of our ordinary shares, or the treat of their being delisted and prohibited from being traded, may materially and adversely affect the value of your investment. Additionally, any inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

Pursuant to the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act 2023, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our Ordinary Shares from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

Our auditor, Enrome LLP, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards and was not identified in PCAOB's determination report as a firm subject to the PCAOB's determination. Enrome LLP is headquartered in Singapore, and has been inspected by the PCAOB on a regular basis.

If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the Holding Foreign Companies Accountable Act, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. A prohibition of being able to trade in the United States would substantially impair or completely hinder your ability to sell or purchase our Ordinary Shares when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our Ordinary Shares or render them worthless. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

Additionally, we cannot assure you whether the national securities exchange we are listed on or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor's audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach, or experience as it relates to our audit.

Risks Related to Our Ordinary Shares

Future sales of our ordinary shares, whether by us or our shareholders, could cause the price of our ordinary shares to decline.

If our existing shareholders sell, or indicate an intent to sell, substantial amounts of our ordinary shares in the public market, the trading price of our ordinary shares could decline significantly. Similarly, the perception in the public market that our shareholders might sell our ordinary shares could also depress the market price of our shares. A decline in the price of our ordinary shares might impede our ability to raise capital through the issuance of additional ordinary shares or other equity securities. In addition, the issuance and sale by us of additional ordinary shares, or securities convertible into or exercisable for our ordinary shares, or the perception that we will issue such securities, could reduce the trading price for our ordinary shares as well as make future sales of equity securities by us less attractive or not feasible. The sale of ordinary shares issued upon the exercise of our outstanding warrants could further dilute the holdings of our then existing shareholders.

We do not know whether a market for the ordinary shares will be sustained or what the trading price of the ordinary shares will be and as a result it may be difficult for you to sell your ordinary shares.

Although our ordinary shares trade on Nasdaq, an active trading market for the ordinary shares may not be sustained. It may be difficult for you to sell your ordinary shares without depressing the market price for the ordinary shares. As a result of these and other factors, you may not be able to sell your ordinary shares. Further, an inactive market may also impair our ability to raise capital by selling ordinary shares, or may impair our ability to enter into strategic partnerships or acquire companies or products by using our ordinary shares as consideration.

Securities analysts may not cover our ordinary shares and this may have a negative impact on the market price of our ordinary shares.

The trading market for our ordinary shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over independent analysts (provided that we have engaged various non-independent analysts). We do not currently have and may never obtain research coverage by independent securities and industry analysts. If no independent securities or industry analysts commence coverage of us, the trading price for our ordinary shares would be negatively impacted. If we obtain independent securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our ordinary shares, changes their opinion of our shares or publishes inaccurate or unfavorable research about our business, the price of our ordinary shares would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our ordinary shares could decrease and we could lose visibility in the financial markets, which could cause the price and trading volume of our ordinary shares to decline.

Because we do not expect to pay dividends in the foreseeable future, you must rely on the price appreciation of our ordinary shares for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ordinary shares as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of British Virgin Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under British Virgin Islands law, a British Virgin Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions, and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ordinary shares will likely depend entirely upon any future price appreciation of our ordinary shares. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which you purchased the ordinary shares. You may not realize a return on your investment in our ordinary shares and you may even lose your entire investment in our ordinary shares.

Techniques employed by short sellers may drive down the market price of our ordinary shares.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Other public companies listed in the United States that have substantial operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

We may in the future be the subject of unfavorable allegations made by short sellers. Any such allegations may be followed by periods of instability in the market price of our ordinary shares and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could be required to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholder's equity, and the value of any investment in our ordinary shares could be greatly reduced or rendered worthless.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

There were no unregistered sales of the Company's equity securities during the three months ended March 31, 2024 that were not previously disclosed in reports filed with the SEC.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

No senior securities were issued and outstanding during the three-month period ended March 31, 2024.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit	Exhibit Description
3.1 ⁽²⁾	Memorandum and Articles of Association.
3.2 ⁽²⁾	Amended and Restated Articles of Association.
3.3 ⁽¹⁾	Second Amended and Restated Articles of Association.
3.4 ⁽³⁾	Amended and Restated Memorandum and Articles of Association, effective on October 24, 2019.
10.1 ⁽⁴⁾	2020 Equity Incentive Plan
10.2 ⁽⁵⁾	2021 Equity Incentive Plan
10.3*	English Translation of Working Capital Loan Agreement entered into by and between Zhejiang Zhongchai Machinery Co., Ltd. and Agricultural Bank of China, dated March 19, 2024
10.4*	English Translation of Working Capital Loan Agreement entered into by and between Zhejiang Zhongchai Machinery Co., Ltd. and Bank of Hangzhou, dated March 25, 2024
31.1*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(1) Incorporated by reference to the Company's Form 8-K, filed with the SEC on July 30, 2018.

(2) Incorporated by reference to the Company's Form S-1/A, filed with the SEC on July 16, 2018.

(3) Incorporated by reference to the Company's Form 8-K, filed with the SEC on October 30, 2019.

(4) Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A, filed with the SEC on December 1, 2020.

(5) Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A, filed with the SEC on December 1, 2021.

* Filed herewith.

** In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 herewith are deemed to accompany this Form 10-Q and will not be deemed filed for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 15, 2024

Greenland Technologies Holding Corp.

/s/ Raymond Z. Wang

Raymond Z. Wang

Chief Executive Officer and President

ABC (2023) 1003-1

AGRICULTURAL BANK OF CHINA

Agricultural Bank of China Limited

Contract for Loans of Working Capital

No.: 33010120240010160

Dear customer: in order to protect your rights and interests, please carefully read the terms of this contract (especially the terms in BOLD) and pay attention to your rights and obligations in the contract before signing this contract. If you have any questions about this contract, please consult the lender. For business consultation and complaints, please call the customer service hotline of Agricultural Bank of China: 95599.

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Borrower (full name): Shijiang Zhongchai Machinery Co., Ltd.
Location (address): No. Xi Road, Gouzhu Town, Xinchang County
Tel: 0575-86298266 fax:

legal representative / person in charge: He Mengxing
Lender (full name): Xinchang County Branch of Agricultural Bank of China
Location (address): No. 1 Middle Gushan Road, Nanming Street, Xinchang County
Tel: 0575-84272868 fax:

Legal representative / person in charge: Yu Guojiang
According to relevant national laws and regulations, both parties have reached an agreement through consultation, unless otherwise agreed

Article 1 Definition

The following terms in this contract have the following meanings except for other stipulations:

1.1 Working capital loan: refers to the loan issued by the lender to the borrower for the borrower's daily production and operation turnover, including general working capital loan and recyclable working capital loan.

1.2 General working capital loan: refers to the borrower's withdrawal in one or several times within the loan term Non recyclable working capital loan after repayment

1.3 Revolving working capital loan: refers to the working capital loan that can be recycled after repayment after the borrower withdraws several times as needed within the loan limit and the validity period of the loan limit. Among them, for self-service revolving working capital loans, the borrower can withdraw the loan funds independently through the lender's business counter or self-service electronic channels.

1.4 Loan term: including total loan term and single loan term. The total loan term refers to the period from the date of issuance of the first loan to the date on which the borrower shall pay off all the principal and interest of the loan as agreed in the contract: the term of a single loan refers to the period from the date of issuance of a single loan in the installment withdrawal to the agreed date on which the borrower pays off the principal and interest of the loan.

1.5 Loan limit: refers to the loan principal limit provided by the lender to the borrower within the validity period of the limit agreed in the contract. Within the validity period of the loan limit and the loan limit, the borrower can recycle the loan, but the sum of the loan amount applied by the borrower and the balance of the loan principal outstanding by the borrower under this contract shall not exceed the loan limit. When the validity period of the limit expires, the unused loan limit will automatically become invalid.

16. Validity period of the loan limit: refers to the period from the effective date of the loan limit to the expiration date of the loan limit.

1.7 Self service Electronic Channel: refers to the electronic channels such as handheld bank, online bank, telephone bank and cash management channel provided by the lender for withdrawal under the self-service revolving working capital loan method.

1.8. Period: the period is calculated by day, month and year, If the last day of the expiration of the period is a legal holiday, the first working day after the holiday shall be the expiration date of the period.

1.9 LPR: LPR: abbreviation of loan prime rate, It refers to the quoted interest rate of the loan market published by the national interbank lending center on the 20th of each month. At present, it includes two varieties of 12-year loan and more than 5-year loan.

1.10 LIBOR: London Inter Bank Offered Rate (LIBOR), London Inter-Bank Offered Rate (LIBOR) is offered in USD, UK, Euro, Yen and Swiss Franc.

1.11 SOFR: Secured Overnight Financing Rate, an abbreviation for secured overnight borrowing rate, is used in U.S. dollars only. Among them, SOFR term interest rate refers to the SOFR futures or derivatives trading based on the calculation of each term interest rate, reflecting the SOFR interest rate for a period of time in the future.

1.12 SONTA Sterling Overnight Index Average. Overnight index average. GBP only.

1.13 EURIBOR: Short for Euro Inter Bank Offered Rate, which is the European interbank Offered rate, used only in Europe.

1.14 TIBOR: Short for Tokyo Inter Bank Offered Rate, which is used for yen only.

1.15 SARON: Swiss Average Rate Overnight overnight, an abbreviation for the Swiss franc.

1.16 HIBOR : Hong Kong inter bank offered rate , It is the interbank lending rate of Hong Kong banks , which is only used for Hong Kong dollars.

1.17 SIBOR : Singapore inter bank offered rate , It is the interbank lending rate of Singapore banks, limited to Singapore dollars.

1.18 Withdrawal date: refers to the date when a single loan is transferred to the borrower's account.

1.19 Laws and Regulations: including the people's law of China, administrative regulations, local regulations, rules, judicial interpretations and other provisions with legal effect.

1.20 Annualized interest rate: it refers to the interest rate calculated based on the proportion of all loan costs charged to the borrower and the actual occupied loan principal and converted into annualized form. There are no costs directly related to the loan under this contract. In this contract, the loan interest rate and the loan execution interest rate refer to the annualized interest rate of the loan, which is the annualized interest rate calculated based on the interest cost charged to the borrower. The above loan cost does not include the contingent costs that may occur according to this contract, such as the penalty interest or compound interest that may be incurred if the loan is overdue or in breach of contract, and the expenses for the lender to realize its creditor's rights.

Article 2 The borrower promises as follows:

2.1 Legal compliance of loan application: the borrower is an enterprise (institution) legal person established according to law and approved and registered by the competent department or other organizations that can be used as the borrower according to national regulations: the borrower, its main shareholders and actual controllers have good credit, no major bad records, no overdue debts, the purpose of the loan and the source of repayment are clear and legal: the borrower's production and operation are legal and compliant, in line with national industrial, environmental protection and other relevant policies: the borrower, its main shareholders The actual controller is not involved in money laundering, terrorist financing, tax evasion, sanctions and other acts, and the environment and production safety comply with national regulations, and has formulated necessary measures to prevent and respond to environmental and social risks: the borrower, its main shareholders, actual controllers, legal representatives and senior executives are not engaged in illegal fund-raising, underworld and evil related and other illegal financial activities through private lending; there are no other violations of laws and regulations.

2.2 There is no flaw in the act of signing the network. In order to sign this contract or perform its voluntary signature under this contract, the borrower has performed the necessary renewal in accordance with laws and regulations or the articles of association: the legal representative / person in charge or authorized agent of the borrower signs or seals this contract: actively handle or cooperate with the lender in handling contract approval Registration or filing procedures: there are no other circumstances that may lead to the effectiveness of the loan contract due to the borrower.

2.3 The guarantee provided is legal and valid: the borrower ensures that the guarantor has completed the necessary formalities in accordance with laws and regulations or the articles of association of the subsidiary for signing the guarantee contract or performing its obligations under the guarantee contract: the guarantor has the right to establish a guarantee with the collateral; those who sign the guarantee contract have the right to urge the guarantor to actively handle or cooperate with the lender in handling the approval of the guarantee contract Registration or filing procedures and registration procedures of guarantee: each guarantee is free from other validity defects or major adverse changes.

2.4 Contract rights and obligations of Yizhan bank in good faith: use the loan according to the time limit, purpose, party or other laws agreed in the contract, and do not use the loan for fixed assets, equity and other investments, as well as the fields and purposes prohibited by the state, As well as not accumulating loans to engage in illegal and illegal acts, not all using loans: accumulating the relevant national competent departments and lenders to carry out loan payment management, post goods management and relevant inspection: timely and fully state the payment for goods in accordance with the contract, and do not evade debts in any way; conducting foreign investment, substantially increasing debt financing, merger, division Obtain the lender's consent before the transfer of accumulated funds and other major matters: the lender has the right to recover the loan in advance according to the borrower's return of funds: in case of re discussion, major changes in senior management, changes in accounting policies and major adverse events affecting the residual debt ability, timely notify the lender: there are other violations of contractual obligations.

2.5 The borrower has not concealed from the lender any event that has occurred or is occurring and may affect its financial status and solvency, including but not limited to:; Litigation, arbitration, other administrative procedures or claims.

2.6 The borrower shall timely provide the lender with true, complete, accurate, legal and effective materials, including but not limited to the borrower, guarantor, shareholder and other relevant documents.

Article 3 Basic terms

3.1 Loan method the lender shall grant loans to the borrower in accordance with the following loan method (1)

(1) General working capital borrowings

① Currency and amount of the loan (in words): RMB Twenty million only

② Total loan term (in words): 1 year

③ Amount and term of single loan:

Loan amount	Issue date	Loan term
20.00 million Yuan	March 19, 2024	March 18, 2025

(The attached table added due to insufficient columns in the table is an integral part of the contract.)

(2) Revolving loan

① Loan limit and amount (in words)

② Validity period of the limit (in words) (mm / DD / yyyy) (mm / yyyy),

(3) Revolving working capital loan

① Currency and amount of loan limit (in words)

② Validity period of the limit (in words) (mm / DD / yyyy) to (mm / DD / yyyy)

3.2 Purpose of loan

The loan under this contract is used for: Payment need

3.3 interest rate, penalty interest and compound interest

3.3.1 loan interest rate (i.e. annualized loan interest rate)

3.3.1.1 for RMB loans, the interest rate shall be determined according to the following method (1)

(1) Fixed interest rate: it is determined according to the LPR minus (plus / minus) 55.00bp (LBP = 0.01%) for the 1-year period (more than 1 year / 5-year period) on the day before the withdrawal date of single loan (withdrawal date of single loan / contract signing date). The loan interest rate is fixed during the loan term until the maturity date of the loan

(2) Floating interest rate: it is determined according to the LPR agreed in each cycle plus or minus a certain point difference, and fluctuates according to the cycle. Under this contract, the interest rate adjustment takes (in words) months as a cycle, the point spread is (plus / minus) BP (LBP = 0.01%), and the point spread remains unchanged during the loan term. Among them, the LPR executed in the first cycle is the LPR on the day before the loan withdrawal date (years / more than 5 years), and the P executed in each cycle thereafter is re determined according to the L of the loan withdrawal date on the day before the corresponding day of the first month of the cycle. If there is no corresponding day of the loan withdrawal date, the last day of the month shall be regarded as the corresponding day.

(3) Other methods:/

3.3.1.2 For USD exchange loans, the interest rate shall be determined according to the following method \angle (zero interest rate if the base rate is negative):

(1) applicable on the single borrowing withdrawal date \angle (Overnight SOFR rate /SOFR term rate/other forms SOFR interest rate (specific term varieties are:/) is determined by adding or subtracting a point difference for the pricing base, and the point difference is \angle (plus/ cut)

(capital words)bp (1bp=0.01%), the spread remains constant over the term of the loan. Based on the first interest rate determination date on the withdrawal date of a single loan, the pricing base will be adjusted in the following way \angle , and the interest will be calculated separately:

① The pricing base is \angle (capitalized)(Day/month) indicates an adjustment period. The interest rate determination date for the second and subsequent installments is \angle (first rate fixing date/previous rate fixing date) the corresponding date after the completion of the period. The Lender adjusts the borrowing rate on that date in accordance with the applicable pricing base and the aforementioned spread. If the whole month is the adjustment period, if there is no item period corresponding to the previous interest rate fixing date in the adjustment month, the last day of the month is the corresponding day.

② The pricing base is not adjusted throughout the loan term.

(2) LIBOR applicable on the withdrawal date of a single loan (specific term varieties are: /) is the pricing base plus or minus a point difference is determined, the point difference is / (plus/minus) \angle (capital words) bp(1bp=0.01%), the point difference stays the same for the duration of the loan. With the first interest rate fixed on the withdrawal date of a single loan, the pricing base will be adjusted in the following way \angle , and the interest will be calculated separately:

① The pricing base is \angle (Capital words) a month is an adjustment period. The interest rate determination date for the second and subsequent installments is \angle (first rate fixing date/previous rate fixing date) the corresponding date after the completion of the period. The loan income will be adjusted on that date in accordance with the applicable pricing base and the aforementioned point spread. If there is no date corresponding to the previous rate determination in the month of adjustment, the last day of the month shall be the corresponding day.

② The pricing base is not adjusted throughout the loan term.

For the above two benchmark pricing adjustment ways, June 30, 2023, borrowing rates determined in accordance with the rates we us read the above agreement executed: after 30th June 2023, according to the following rules for pricing benchmark transformation: in 2023 after 30 years of the first rate determine the applicable, corresponding rate for SOFR Ming limit pricing benchmark, plus Adjust the interest rate spread, add the original point source, and determine the borrowing rate (borrowing rate after conversion = SO interest rate of corresponding term + adjusted interest rate spread + origin difference). Adjusted spreads are shown in the table below. In addition to the pricing base, other agreements (such as the method of interest, settlement, penalty and interest, etc.) remain unchanged.

Adjustment of Dollar SOFR and LIBOR rate (bp)

currency	1 month	3 month	6 month	1 year
USD	11.45	26.16	42.83	71.51

(3) The interest rate is % until the maturity date of the loan.

(4) Other ways

3.3.1.3 (British GBP/ Euro EUR/ yen JPY/ Swiss franc CHF/ Hong Kong Dollar HKD/ Singapore dollar SGD/ other non-US dollar foreign currencies), the interest rate shall be determined in the following way (zero interest rate shall be applied when the base rate is negative): (1) The interest rate is applicable on the withdrawal date of a single loan (SONIA/ERUIBOR/TIBOR SARON/HIBOR/SIBOR/other) Term interest rate (Specific term varieties are:

Is determined by adding or subtracting a point difference of the pricing base, and the point difference is -(plus/ cut) (capital words)bp (1bp=0.01%), the spread remains constant over the term of the loan. Based on the first interest rate determination date of the single loan withdrawal date, the pricing base will be adjusted in the following way:

① The pricing base is (Write) monthly for an adjustment period. The interest rate determination date for the second and subsequent installments is (first rate fixing date/previous rate fixing date) the corresponding date after the completion of the period. The lending rate will be adjusted on that date in accordance with the applicable pricing base and the aforementioned spread. If there is no date corresponding to the previous interest rate in the month of adjustment, the last day of the month shall be the corresponding day.

② The pricing base is not adjusted throughout the loan term.

(2) Overnight through which a single loan is drawn Drawing attached (SONIA/ESTR/TONA/SABON/HIBOR/other) stand

Price base plus or minus a fixed point difference to determine the point difference is (plus/minus)

(Capital bp(1bp=0.01%), point difference. It remains unchanged over the life of the loan. The record price base is adjusted on a daily basis, and interest is calculated on a daily basis. Single loan withdrawal date First rate fixing date, subsequent rate fixing date Each natural day after the first rate fixing chart.

(3) The annual interest rate is fixed at S-%, and the borrowing interest rate is fixed within the borrowing term until the maturity date of the borrowing.

(4) Other ways

3.3.1.4 Interest rate determination day should be applicable to the pricing benchmark

For the overnight benchmark interest rate in Article 3.3.1.2 and Article 3.3.1.3, the interest rate fixing date, if the interest rate fixing date is not a working day, the working day before or near it is T day) shall be the applicable pricing benchmark. The interest rate value of the currency pricing base agreed under this Contract corresponding to the term T-5 working days as shown in English of the financial telecommunication terminal.

For the non-overnight benchmark interest rate used in article 3.3.1.2 and Article 3.3.1.3, interest and other fixed date (T day, such as interest rate fixed date is not a working day, the most recent working day before T day) should be applicable to the pricing benchmark. The currency pricing base of the loan agreed under this Contract as shown on the final page of Financial Telecommunications is the interest rate value for the maturity of T-3 working days.

The above-mentioned working days refer to the local working days of the administrative institution of the currency pricing benchmark of borrowing money.

3.3.2 Method of interest calculation and settlement

3.3.2.1 Borrowing per month (month/quarter/half year/year) settlement, settlement date for every

(Month/quarter end month /

The date of any other form of notification to the borrower shall be counted.

3.3.2 Interest calculation and settlement methods

3.3.2.1 The interest of the loan shall be settled monthly (month / multiply / year). The interest settlement date is the 20th day of each month (month / quarter end month / year end month). The borrower shall pay the interest on each interest settlement date. If the last repayment date of the loan principal is not on the interest settlement date, the unpaid interest shall be paid with the principal.

3.3.2.2 The interest of the loan hereunder shall be calculated from the date of withdrawal of a single loan. For the loan with fixed interest rate, the interest shall be calculated according to the loan interest rate agreed in the contract. For the loan with floating interest rate, the interest shall be calculated according to the interest rate determined in the current period of each floating period: if the interest rate fluctuates for many times in a single interest settlement period, the interest of each floating period shall be calculated first, and then the interest of each floating period shall be added up. Where other interest rates are applied, interest shall be calculated in accordance with the agreement

3.3.2.3 If the due date of the loan is a legal holiday or public holiday, the normal repayment date shall be extended to the first working day after the legal holiday or public holiday, and the interest shall be calculated and charged according to the agreed interest calculation method during the extended period

3.3.3 Default interest

3.3.3.1 If the borrower fails to repay the loan principal within the time limit agreed in the contract, the lender shall pay the overdue loan on the basis of the loan execution interest rate agreed in the contract from the date of overdue, The penalty interest shall be calculated and charged by stages according to the overdue period: the penalty interest shall be calculated and charged by floating fifty percent (in words) within 30 days (including 30 days); the penalty interest shall be calculated and charged by floating fifty percent (in words) from 30 days to 60 days (including 60 days); the penalty interest shall be calculated and charged by floating fifty percent (in words) over 60 days. During the transit period, the penalty interest rate of fixed interest rate loan shall be fixed; if the floating interest rate loan is adjusted by LPR, the penalty interest rate shall be calculated and charged in accordance with 3.3.1.1 (2) of this contract Determination of loan interest rate after floating in the agreed way

3.3.3.2 If the borrower fails to use the loan according to the purpose agreed in the contract, the lender shall, from the date of default, charge a penalty interest of one hundred percent above the agreed loan interest rate until the principal and interest are repaid. During the default period, the penalty interest rate of the fixed interest rate loan is fixed. If the floating interest rate loan meets the adjustment of the benchmark interest rate such as LPRSOR, the penalty interest rate shall be determined according to the loan interest rate after floating in the manner agreed herein.

3.3.3.3 If the same loan is overdue and not used according to the purpose agreed in the contract, the penalty interest rate shall be calculated according to the higher one.

3.3.4 The annualized interest rate, loan interest rate and execution interest rate of the loan under this contract are calculated by the simple interest method, except that the lender agreed in this contract calculates and collects compound interest on the unpaid interest payable by the borrower in accordance with the provisions of the people's Bank of China. See article 3.3.5 for details

3.3.5 Compound interest

If the borrower fails to pay the unpaid interest payable on schedule, the lender shall charge compound interest on a monthly basis (quarterly and monthly) from the date when the unpaid interest payable by the borrower is not paid on schedule. The unpaid interest payable includes the unpaid interest payable during the loan period (including default interest) and the unpaid interest payable after the loan is overdue (including default interest and default interest). The unpaid interest payable during the loan period shall be compounded at the execution interest rate of the loan agreed in the contract before the payment date, and at the overdue loan interest rate after the repayment date: the unpaid interest payable for overdue borrowing shall be compounded at the overdue loan interest rate

3.4 Withdrawal and loan payment

3.4.1 Withdrawal conditions

3.4.1.1 When applying for withdrawal, the borrower shall meet the following conditions at the same time

(1) The borrower is qualified to undertake capital: if its corresponding decision-making body or authorized body has made a loan decision according to law and needs to be reviewed by relevant departments, it has been approved

(2) The relevant guarantee procedures required by the lender have been completed, and the guarantee is legal and effective

(3) The loan shall comply with the provisions of laws and regulations and the loan contract and the corresponding service contract

(4) The relevant commitments made by the borrower at the time of signing the contract are still true and effective at each withdrawal, and there are no major or substantial adverse changes and other major adverse circumstances that may affect the performance of the contract

(5) Other fixed items

3.4.1.2 If the borrower fails to implement the provisions agreed in 3.4.1.1 within 3 (3 / 6 / 9) months from the date of signing this contract, the lender has the right to terminate this contract. When the lender terminates the contract, the objection period of the borrower is seven days, which is calculated from the date when the lender notifies the borrower in writing, oral or other forms.

3.4.2 Withdrawal method

3.4.2.1 Borrowing of general working capital

3.4.2.1.1 The borrower shall withdraw the loan according to the demand for international funds. The specific withdrawal plan is as follows:

One-time withdrawal

Among them, the first loan must be withdrawn before (mm / DD / yyyy), and the last loan must be withdrawn before (mm / DD / yyyy). If the borrower fails to go through the withdrawal procedures in accordance with the withdrawal plan agreed in the contract, the lender can cancel or partially cancel the undrawn loan, and can re determine whether to issue the letter of credit and the withdrawal conditions

3.4.2.1.2 The Borrower shall withdraw the loan at the agreed date and amount. If the borrower needs to adjust the withdrawal plan, it shall apply to the lender seven days in advance and make the adjustment with the lender's consent.

3.4.2.2 Recycle working capital loan

3.4.2.2.1 The borrower can apply to the lender for withdrawal of the loan one by one according to the needs within the loan limit, and handle the withdrawal after being reviewed and approved by the lender, but the loan term shall not exceed one month, and the term shall not exceed six months after the expiration date of the limit. 3.4.2.2.2 when applying for withdrawal of the loan, the borrower must submit the loan application to the lender and provide the relevant materials such as business contracts, invoices and other vouchers corresponding to the use of the loan

3.4.2.3 Self service revolving working capital loan

The borrower may withdraw the loan one by one as required through the business counter or self-service electronic channel provided by the lender within the loan limit, but the loan amount of a single loan shall not be less than RMB 50000 and shall be an integral multiple of RMB 10000, the loan term shall not exceed one year, and the expiration date shall not exceed the expiration date of the validity of the limit

3.4.3 Loan payment 3.4.3.1 entrusted payment

3.4.3.1.1 Under any of the following circumstances, the borrower shall entrust the lender to pay the loan fund to the counter-party of the borrower who meets the purpose agreed in this contract and the corresponding business contract

(1) The payment object is clear and the single withdrawal amount exceeds 10000 yuan (including equivalent foreign currency)

(2) Other circumstances agreed by both parties

3.4.3.1.2 If entrusted payment is adopted, the borrower shall submit withdrawal application and entrusted payment notice to the lender in advance, and provide relevant materials such as business contracts, invoices and other vouchers corresponding to the use of funds as required by the lender. After review and confirmation, the lender will directly pay the loan to the borrower's counterparty through the borrower's account. If the borrower's withdrawal application does not meet the withdrawal conditions agreed in the contract, or the payment entrustment application is inconsistent with the contract, the transaction information is incomplete or untrue, the lender may not issue or pay the corresponding loan: the lender shall not be liable for the borrower's breach of contract or other losses to the counterparty. If the payment information provided by the borrower is inaccurate and incomplete, resulting in the delay or failure of fund payment, the lender shall not be liable

3.4.3.1.3 If the borrower applies for suspension of payment or withdrawal of payment entrustment, it shall submit it to the lender in writing before the lender makes payment. After the lender's review and confirmation, the entrusted payment shall be suspended and the corresponding loan can be recovered: during this period, the interest of the corresponding loan shall be calculated and charged according to the contract. After the entrusted payment is suspended, if the borrower applies for the resumption of the payment entrustment, the payment entrustment shall be handled according to article

3.4.3.1.4. If the borrower attaches conditions in the entrusted payment notice, the attached conditions shall not have obligations to the lender. Unless otherwise agreed in writing by both parties, the lender shall not be obliged to notify the payee of the entrusted payment, suspension of payment, withdrawal of payment, resumption of payment and other matters handled by the lender

3.4.3.1.5 If entrusted payment is adopted, the lender has the right to restrict the payment behavior and cashing function of non counter channels such as handheld bank, online bank, telephone bank and cash management channel of the borrower's relevant account

3.4.3.2 Independent payment

3.4.3.1.1 Except as agreed in article 3.4.3.1.1, after the loan is released to the borrower's account, the borrower can make independent payment in accordance with the contract. The borrower shall inform the lender of the payment of the loan funds as required by the lender, and timely provide the use records of the loan funds and the relevant materials such as business contracts, invoices and other vouchers corresponding to the use of the funds as required by the lender. The lender can verify whether the loan payment meets the agreed purpose through account analysis, voucher inspection, on-site investigation, etc

3.4.3.3 In the process of loan payment, if the borrower's credit status drops, the profitability of its main business is not strong, the use of loan funds is abnormal, the borrower fails to pay the loan according to the contract, fails to pay the loan funds according to the method agreed in the contract, and evades the lender's entrusted payment by breaking up the whole into parts and providing false information, the lender may negotiate with the borrower to supplement the loan issuance and payment conditions, and change the loan payment method according to the contract Or stop loan issuance and payment

3.4.4 Withdrawal reversal

3.4.4.1 If the loan withdrawn by the borrower exceeds the amount actually paid by the borrower for the relevant transaction or the transaction amount is reversed due to the non lender reasons such as the failure to actually perform, cancellation or invalidity of the business contract corresponding to the loan under the contract, the borrower shall return the corresponding loan funds to the lender.

3.4.4.2 If the borrower fails to pay the loan funds in the agreed manner, the lender has the right to recover the loan funds not paid in accordance with the agreement,

3.4.4.3 Before the loan fund is returned to the lender in accordance with articles 3.4.4.1 and 3.4.4.2, The interest shall be calculated and settled in accordance with articles 3.3.1 and 3.3

3.5 in case of the following situations (1), (2) and (3) in the supervision of financial indicators, the borrower shall implement the debt guarantee measures approved by the lender as required by the lender, otherwise, the lender may take the relief measures agreed in article 5.3

- (1) The borrower's asset liability ratio has reached more than 70%.
- (2) The borrower's contingent liability ratio exceeds 50%
- (3) The borrower's operating cash flow is negative for the second two years
- (4) Others:

3.6 Account supervision

3.6.1 The borrower designates the following accounts as fund withdrawal accounts

Account Name: Zhejiang zhongchai Machinery Co., Ltd

Account No.: 1952520840098980

3.6.2 When the loan is fully deposited, the following regulatory measures shall be taken for the fund return account:

- (1) The borrower is required to provide the capital in and out of the capital return account in time
- (2) Other

3.7 Repayment

3.7.1 Repayment method

3.7.1.1 The borrower shall deposit the principal and interest of the loan payable in the current period into the repayment account designated by the lender days before the repayment date, and irrevocably authorize the lender to transfer from the account.

3.7.1.2 If the borrower fails to repay the debts due (including those declared to be due in advance) under the contract as agreed, the lender has the right to deduct corresponding funds from all accounts opened by the borrower with the lender or other branches of Agricultural Bank of China for settlement until all debts of the borrower under the contract are paid off

3.7.1.3 If the lender exercises the right of set off in accordance with the law or the contract, the objection period of the borrower is seven days, calculated from the date when the lender notifies the borrower in writing, orally or in other forms

3.7.2 Repayment order

3.7.2.1 Unless otherwise agreed by both parties, the repayment of the borrower shall be paid in the following order

(1) The order of repayment between the borrower and the lender, and the amount of debts due to be paid by the borrower and not enough to be repaid by the lender;

(2) If the lender exercises the right of set off against the borrower in accordance with the law or the contract, the debt to be set off and the order of set off shall be determined by the lender: when the lender exercises the right of subrogation, the debt to be paid off by the secondary debtor to the lender and the order of set off shall be determined by the lender.

3.7.2.2 If the borrower's repayment is insufficient to pay off the loan payable, the lender may choose to use the repayment to pay off the principal, interest, default interest, compound interest or realize the cost of debt correction

3.7.3 Prepayment

3.7.3.1 In case of prepayment, the lender shall submit a written application to the lender seven days in advance. After reaching an agreement with the lender, the prepayment can be made. The repayment order of prepayment shall be subject to the provisions of article 3.7.2.

3.7.3.2 When the borrower prepays, the interest on the prepayment part shall be calculated and charged according to the following method (1), and the interest shall be paid off with the principal

(1) The interest shall be calculated and charged according to the actual loan term and the loan interest rate agreed in the contract

(2) The interest shall be calculated and charged by floating% on the basis of the loan interest rate agreed in the contract according to the actual loan term.

(3) Others:

3.7.3.3 If the borrower repays in advance, the principal repayment shall not be less than one hundred thousand yuan and shall be an integral multiple of ten thousand yuan

3.7.3.4 If the borrower repays part of the loan in advance, the interest of the loan that has not been repaid shall still be calculated and paid according to the loan interest rate agreed in the contract

3.7.4 Extension

If the borrower of general working capital loan cannot repay the loan according to the agreed repayment date, he may apply to the lender for extension. The borrower shall submit the extension application to the lender 15 days before the maturity date of the loan, and sign the extension agreement with the borrower with the consent of the lender

3.8 Loan voucher

3.8.1 The loan voucher is an integral part of this contract. If there is no record in this contract, or the recorded loan amount, withdrawal amount, repayment amount, loan Issuance Date and maturity date, loan term, loan interest rate and loan purpose are inconsistent with those recorded in the loan voucher, the records in the loan voucher shall prevail

3.8.2 Under the self-service revolving working capital borrowing method, if the borrower withdraws the loan through the self-service electronic channel, the loan amount, withdrawal amount, repayment amount, loan Issuance Date and maturity date, loan term, loan interest rate and loan purpose shall be subject to the electronic transaction record formed by the self-service electronic channel.

3.9 Guarantee.

3.9.1 The guarantee method of the loan under the contract is Credit loan.

3.9.2 The guarantee contract shall be separately signed by the lender, the borrower and the guarantor. If the maximum amount guarantee is adopted, the guarantee contract number is -.

3.10 Rights and obligations

3.10.1 Rights and obligations of the borrower

(1) Withdraw the loan according to the contract

(2) Repay the principal and interest of the loan on time and in full

(3) The loan shall be used in accordance with the purposes and methods stipulated in laws and regulations or agreed in the contract. The loan shall not be used for fixed assets, equity and other investments, nor for the fields and purposes prohibited by the state

(4) Accept and actively cooperate with the lender and its client to supervise and inspect the financial activities, loan use and other relevant matters, and timely submit the loan use, finance and other relevant materials and information required by the lender to the lender at the request of the lender; Cooperate with the lender to carry out the assessment and disposal of anti money laundering, anti terrorist financing, anti tax evasion and sanctions compliance risks, as well as environmental and social risks: cooperate with the borrower and its major shareholders, actual controllers, legal representatives, senior executives and other illegal private lending, illegal fund-raising, triad related and evil related and other illegal financial activities

(5) If the borrower commits any of the following acts, it shall notify the lender in writing in advance and the lender may participate in the implementation with the consent of the lender

① Implement contracting, leasing, joint-stock reform, joint venture, merger, merger, division, reduction of registered capital, joint venture, transfer of major capital, major foreign investment, issuance of bonds, large-scale financing, major related party transactions, application for suspension of business for rectification, application for dissolution, application for bankruptcy, etc.

② Providing a large amount of guarantee for the debts of others or mortgaging or pledging its main property to a third party, which may affect the solvency of the borrower.

③ Other major adverse circumstances of the borrower that are sufficient to cause significant changes in the relationship between creditor's rights and debts under the contract or affect the realization of the creditor's rights of the lender.

(6) The borrower shall notify the lender in writing within 5 days of the occurrence of the following events:

- ① The borrower and its legal representative, principal or actual controller engage in illegal activities
- ② Shutdown, closure, cancellation, revocation of business license, revocation, etc
- ③ Deterioration of financial situation, serious difficulties in production and operation or major adverse disputes
- ④ The borrower is involved in anti money laundering, anti-terrorism financing, anti tax evasion and sanctions compliance risks
- ⑤ The borrower involves significant environmental and social risks
- ⑥ The borrower and its major shareholders, actual controllers, legal representatives and senior executives illegally engage in private goods, illegal fund-raising, underworld and evil related and other illegal financial activities;
- ⑦ Other matters that the borrower may have an adverse impact on the realization of creditor's rights

(7) In case of any event, the borrower shall notify the lender in writing within 7 days:

- ① Change of affiliation, major change of senior personnel and major adjustment of organizational structure
- ② Major changes have taken place in industrial and commercial registration or licensing matters such as name, domicile and scope
- ③ Increase the registered capital and make substantive amendments to the articles of association
- ④ Changes in other important matters that may affect the performance of the borrower's obligations

(8) The borrower and its investors shall not evade their debts to the lender by withdrawing funds, transferring assets or transferring shares without authorization, and shall not engage in other acts detrimental to the interests of the lender

(9) Other rights and obligations stipulated by laws and regulations or agreed by both parties

3.10.2 Rights and obligations of the owner

(1) Approve and issue the loan to the borrower in full, except for the delay caused by the borrower or other reasons not attributable to the lender

(2) Have the right to supervise and inspect the borrower's production and operation, financial status, material inventory and loan use in on-site and off-site ways, and require the borrower to provide relevant documents, materials and information

(3) In case of any situation that may affect the safety of the loan or the performance of the debt to the borrower, or in case of the guarantor's suspension of production, closure of business, cancellation of registration, revocation of business license, bankruptcy, cancellation and major operating losses, which may lead to the partial or total loss of the corresponding guarantee ability, or the reduction of the value, accidental damage or loss of the collateral and pledge as the guarantee of the loan, which endangers the realization of the guarantee, The lender may require the borrower to make corrections within a time limit, implement creditor's rights protection measures, provide other effective guarantees, or adjust the alkali, cancel the borrower's loan limit, stop issuing loans, announce the early maturity of the funds under this contract and other contracts, and recover the loans in advance

(4) Other rights and obligations stipulated by laws and regulations or agreed by both parties

3.10.3 Other obligations

3.10.3.1 Each party has the obligation to keep confidential the other party's business secrets and other information related to interests obtained during the performance of the contract visa: unless otherwise stipulated by laws and regulations, the above information shall not be disclosed or disclosed to any third party without the consent of the other party. 3.10.3.2 after the termination of the contract rights and interests, each party shall perform the necessary obligations of knowledge and assistance in accordance with the principle of good faith. Article 4 supplementary provisions the parties agree as follows:

Article 4 Supplementary provisions

Both parties agree as follows:

Article 5 Legal liability

5.1 The following acts of the borrower shall constitute a breach of contract

- (1) Breach of contractual obligations
- (2) Failure to fulfill the commitments made in Article 2 of the contract
- (3) Express or act to show unwillingness to pay off its matured or undue debts
- (4) If it fails to perform or fully perform its obligations under other contracts signed between the borrower and the lender, the lender declares that the borrower constitutes a breach of contract
- (5) Other circumstances under which the borrower fails to perform or fully perform the contract

5.2 under the following circumstances, the lender may terminate this contract and other contracts signed by both parties:

- (1) Default of borrower or guarantor:
- (2) There may be significant adverse changes in the repayment ability of the borrower or guarantor
- (3) The mortgaged property and pledged property may suffer significant damage or value impairment
- (4) Adjustment of national policies that may have a significant adverse impact on loan security
- (5) The borrower has a major breach of contract against other creditors
- (6) In other cases where the contract can be terminated as stipulated by law or agreed by both parties, if the lender terminates the contract, the objection period of the borrower is seven days, calculated from the date when the lender notifies the borrower in writing, orally or in other forms.

5.3 in case of any of the circumstances described in Articles 5.1 and 5.2, the lender may take the following remedies:

- (1) Require the borrower and the guarantor to correct the breach of contract or other circumstances detrimental to the safety of the loan within a time limit, implement other debt guarantee measures or provide other effective guarantees

- (2) If the borrower fails to use or repay the loan or fails to pay the interest payable as agreed, the penalty interest and compound interest shall be calculated and charged according to the contract until the principal and interest are paid off:
- (3) Reduce or cancel the borrower's loan limit, stop issuing loans, recover the issued loans in advance, and announce the maturity of loans under other loan contracts signed by the borrower and the lender;
- (4) Exercise legal or agreed rights such as set off against the borrower
- (5) Require the borrower to bear damages and other legal liabilities
- (6) Take corresponding asset preservation measures and other legal measures
- (7) The borrower's breach of contract may be publicly disclosed
- (8) Other remedies:

5.4 If the borrower's credit condition deteriorates as agreed in Article 5.2, the lender has the right to automatically cancel all undrawn loan limits of the borrower under this contract without notice

5.5 If the lender realizes the creditor's rights by litigation or arbitration due to the borrower's breach of contract, the lawyer's fees, travel expenses, execution fees, evaluation fees and all other expenses for realizing the creditor's rights paid by the loan office shall be borne by the borrower.

5.6 On the premise that the borrower performs its obligations under the contract, if the lender fails to issue the loan to the borrower in full on schedule, it shall repay the actual loss of the loan

Article 6 other matters

6.1 Notices and various communications required under the contract shall be delivered to the other party according to the communication address, telex number or other contact information recorded in the contract. If the contact information changes at night, the other party shall be notified in time

6.2 Terms of service

6.2.1 The borrower agrees and confirms that the following address shall be the address of relevant legal documents such as contract performance, negotiation and settlement under the contract, and shall be delivered to No. 1, Meixi Road, Meizhu Town, Xinchang County

Postal Code: 312500

Signee and Tel.: Wu Minlian

The relevant legal documents shall be deemed to have been delivered by hand or mailed to the address.

6.2.2 the borrower agrees that the lender or the authority having jurisdiction over the dispute can also serve relevant legal documents on the borrower through the following electronic service method (1)

- (1) Mobile phone (SMS): 13587317791
- (2) Fax:
- (3) Email address
- (4) QQ
- (5) Wechat

(6) Other electronic means

6.2.3 The scope of application of the address and method of service includes: various notices, agreements and other documents under the contract, as well as relevant documents and legal documents in the dispute resolution procedure (including but not limited to mediation, arbitration, first instance, second instance, retrial and execution procedure)

If the address or method of service needs to be changed, the borrower shall notify the lender in writing seven working days in advance, and the change will take effect when the lender actually receives the notice. If it fails to give a written notice in advance, it shall be deemed that it has not been changed

If the address or method of service provided by the borrower is inaccurate and untrue, or the lender is not notified in time after the change of address or method of service, or the borrower and the agent designated by the borrower (no matter whether the borrower appoints the agent or not, the lender can serve it to its legal representative or person in charge) refuse to sign for receipt, resulting in the fact that some legal documents are not received, the borrower shall bear the legal consequences arising therefrom and deliver them by mail, The date of return indicated on the mail receipt shall be deemed as the date of delivery; In the case of direct service, the date on which the addressee records the situation on the service receipt on the spot shall be deemed as the date of service; If it is delivered electronically, it shall be deemed as the date of service from the date of entering the system designated by the borrower.

6.2.4 If the delivery address and electronic delivery method are determined at the same time, the delivery to the borrower's "elastic address" has the same legal effect as electronic delivery. If the same legal document is served in multiple ways, it shall have the effect of service or the first service date shall be the date of service

6.2.5 The terms of service are independent terms and are not affected by the whole contract or the number of other terms

6.3 The expenses to be paid to the third party for the performance of the contract shall be determined and borne by both parties through negotiation. If there is no negotiation or negotiation fails, both parties shall bear them in accordance with laws and regulations or the principle of fairness

6.4 The lender or Agricultural Bank of China may authorize or entrust other branches of Agricultural Bank of China to perform the rights and obligations under the contract (including but not limited to post loan management, loan collection and clearing, exercising security interests, issuing credit, etc.) according to the needs of operation and management, or transfer the loan under the contract to other branches of Agricultural Bank of China for management. The borrower acknowledges this, And bear the corresponding legal consequences of such acts under this contract. The lender does not need to obtain the consent of the borrower for the above acts.

6.5 The lender has the right to provide information related to this contract (including but not limited to loan form classification, loan overdue information, etc.) and other relevant information of the borrower to the basic database of financial credit information for qualified institutions or individuals to query and use in accordance with relevant laws and regulations or the requirements of financial regulatory authorities. The lender shall not be liable in any form for any adverse impact or loss to the borrower caused by any qualified third party's reliance on or use of the above information.

6.6 During the term of validity of this contract, if the lender is unable to continue to perform this contract or some terms of this contract due to the promulgation or modification of any laws and regulations, national policies or regulatory provisions, the lender has the right to cancel the outstanding loan and take other measures deemed necessary by the Lender in accordance with the above relevant provisions.

6.7 The lender's failure to exercise or partial exercise or delay in exercising any right under this contract does not constitute a waiver or change of this right or other rights, nor does it affect its further exercise of this right or other relevant rights

6.8 Tax and invoice terms

6.8.1 Vat has been included in the taxable items collected by the lender from the borrower under this contract in accordance with the relevant national laws and regulations on tax collection. The tax rate of value-added tax shall be determined in accordance with the provisions of national laws and regulations. During the performance of the contract, if the national tax administration laws and regulations are adjusted, the lender will adjust the relevant tax rate and other relevant contents accordingly.

6.8.2 The lender will issue special VAT invoices or ordinary VAT invoices to the borrower in accordance with the provisions of national laws and regulations. If it is required to issue special VAT invoices, it shall comply with the conditions and procedures specified in national tax laws and regulations, otherwise the lender has the right to refuse the borrower's request for special VAT invoices under the contract. Within 360 days after the lender receives the taxes payable by the borrower, the borrower has the right to require the issuance of invoices. The invoice shall be issued by the lender or the billing institution designated by the lender. If the borrower fails to obtain the VAT invoice within the time limit, the lender may not provide the VAT invoice.

6.8.3 If the lender issues the wrong VAT special invoice or VAT ordinary invoice to the borrower due to the borrower's reason, the borrower shall bear the responsibility, and the lender has the right to require the borrower to bear the losses or other adverse consequences caused to the lender. The borrower is obliged to cooperate with the lender to complete the handling of relevant invoices in case of wrong issuance of VAT invoices and the need for cancellation or issuance of red ink invoices.

6.9 Dispute resolution

6.9.1 In case of any dispute, it shall be settled by both parties through negotiation; if the negotiation fails, it shall be settled according to the first method:

(1) Bring a lawsuit to the people's court where the lender is located;

(2) Submit to (full name of arbitration institution) for arbitration in accordance with its arbitration rules

6.9.2 During the period of litigation or arbitration, the provisions of the contract that do not involve disputes shall continue to be performed

6.10 Validity of the contract

6.10.1 This contract shall come into force from the date of signing or sealing by both parties

6.10.2 Signing place: No. 1, Gushan Middle Road, Nanming street, Xinchang County

6.10.3 Signing date: March 19, 2024

6.10.4 Matters not covered in this contract shall be separately determined by both parties through negotiation

6.10.5 This contract is made in duplicate, one for the borrower, one for the lender and one for the guarantor, with the same effect

(no text below)

(Signature page of the borrower)

The page is for signing contract No.: 33010120240010160

The borrower declares that the lender has provided us with relevant terms (especially the terms in BOLD) in accordance with the law, explained the concept, content and legal effect of relevant terms at our request, and we have known and understood the above terms.

Borrower(seal): Zhongchai Machinery Co., Ltd

Legal representative/personnel in charge: He Mengxing (seal)

Or authorized agent

(Signature page of the lender)

The page is for signing contract No.: 33010120240010160

Lender(seal): Special Seal for Credit Loan of Xinchang County Branch of ABC

Legal representative/personnel in charge:

Or authorized agent

No.: 0121100010-2024 (Xinchang) Zi No.00234

Working capital loan contract (Version, 2021)

Special note: This contract is concluded by the borrower and the borrower on the basis of equality and voluntary negotiation. All the terms of the contract are true expressions of the intention of both parties. In order to safeguard the legitimate rights and interests of the borrower, the lender hereby requests the borrower to the rights and obligations of both parties concerned
All the provisions, especially in the bold part, give full attention.

Contract serial number: 202403220121100097655501, the second copy, a total of 2 copies

Lender: Industrial and Commercial Bank of China Limited Xinchang Sub-branch
Person in charge: Chen Jin Contact person: Zhang Yi
Address (Address): No.159, Gushan Middle Road, Xinchang County: 312500
Tel.: 86222812 Fax: / _ Email:

Borrower: Zhejiang Zhongchai Machinery Co., LTD
Legal representative: He Mengxing Contact person: Mobile phone Number:
Address (Address): No.1, Meixi Road, Meizhu Town, Xinchang County, Zhejiang Province, Zip code: 312500
Tel.: Fax: E-mail:

[The borrower is requested to fill in the above information accurately and completely to ensure the timely delivery of subsequent relevant notices and legal documents]

The borrower and the lender shall, through equal consultation, reach an agreement on the loan issue from the lender to the borrower and hereby enter into this contract.

Part one The basic agreement

Article 1 Purpose of the loan

The loan under this contract is used for the following purposes. Without the written consent of the lender, the borrower shall not use the loan for other purposes

The payer has the right to supervise the use of the money.

Loan purpose: business turnover

Article 2 Amount and term of the loan

2.1 The currency of the loan under this contract is RMB and the amount is 20,000,000 (in words: Twenty million) (large If the lower case is inconsistent, the capital case shall prevail).

2.2 The loan term of this contract is 2024.3.25-2025.3.25 , From the date of the first withdrawal under this Contract.

2.3 For each withdrawal, the withdrawal date is the date when the loan funds are actually transferred into the loan account, and the maturity date is the repayment date recorded in the IOU (for repayment in installments, the maturity date shall be executed according to this contract or the repayment plan otherwise agreed upon by the parties), and any

The repayment date of a sum withdrawal shall not exceed the loan term of this contract.

Article 3 Interest rates, interest and expenses

3.1 [Determination method of RMB borrowing interest rate]

The RMB borrowing interest rate is determined in the following ways:

The interest rate of each loan is determined by the pricing benchmark plus the floating points, in which the pricing benchmark is the effective date of each loan contract (mention Payment date / effective date of contract) (the first interest rate determination date) before the working day announced by the National Interbank Lending Center 1 year designated time (1 year / 5 years above) Loan market quoted interest rate (LPR), floating points For Less (plus / minus) 55 basis points (one basis point is 0.01%, the same below). The point spread over the loan term remains unchanged. For separate withdrawal, the interest rate of each withdrawal is calculated separately. If the National Interbank Lending Center does not announce the quoted interest rate of the loan market for the corresponding term within the working day before the interest rate determination, the quoted interest rate of the national interbank lending Center on the previous working day shall prevail, in this case push. After the first rate determination, the borrowing rate shall be withdrawn at the time to be adjusted in A (A / B) manner:

A. Take 12 (1 / 3 / 6 / 12) months as the first phase, phase one adjustment, interest in sections. On the corresponding date after the expiration of the first period of the date of the interest rate, the lender shall adjust the loan rate according to the quoted interest rate and floating points of the loan term published by the National Interbank Lending Center on the previous working day. In case of adjustment month

If there is no date corresponding to the first interest rate determination date, the last day of the month is the corresponding date.

B. No adjustment shall be made during the entire loan term.

3.2 [Determination of foreign currency borrowing rate]

The interest rate of foreign currency borrowing is determined in section L (1 / 2 / 3) below:

(1) Fixed interest rate, the annual interest rate is L%, and the interest rate remains unchanged during the term of the contract.

(2) Term interest rate, the interest rate of each loan is determined by the pricing benchmark plus the spread, in which the pricing benchmark is each loan (Withdrawal date / effective date of the contract) (the first interest rate determination date) The applicable term variety shall be (week / month / year)

At L (SOFR term rate / SONIA term rate / EURIBOR term rate / TORF term rate, etc.), the spread is (plus / minus) basis point (one basis point is 0.01%). The point spread over the loan term remains unchanged. For separate withdrawal, the interest rate of each withdrawal is calculated separately.

After the first rate determination, whether it has been drawn by that time, press No. / (A / B / C) below Adjust the borrowing rate and calculate interest in sections:

A. Take (1 / 3 / 6 / 12) months as the first phase, one phase and one adjustment. For the interest rate determination date of the second and subsequent periods and the corresponding date after the first interest rate determination date, the borrowing rate shall be conducted according to the applicable pricing benchmark and interest rate spread of that date adjust. If there is no date for the adjustment month, the last day of the month is the corresponding date.

B. The first day of each interest period (i. e. the day after the end of the previous interest period) shall be the date of interest rate determination, from that date The borrowing rate is adjusted according to the applicable pricing benchmark and spread used on the date.

C. Will not be adjusted during the entire loan term.

The aforementioned interest rate determination date shall determine the pricing benchmark to be applied in accordance with the relevant rules of Article 1.1 of Part II.

(3) A floating overnight rate, the borrowing rate on each interest day during the interest period (each natural day after the withdrawal date)

The applicable overnight financing rate (SOFR / SONIA / STR / SARON or TONA, etc.) shall be the pricing base Quasi // (plus / minus) / The basis point spread is determined, and the spread remains unchanged during the borrowing period. The subsequent lender shall determine the interest rate on the interest date based on the applicable pricing benchmark and the aforementioned spread. The first interest rate determination date is the withdrawal date of each loan, followed by Interest rate determination date Each interest rate date after the first rate date. Calculate by using (single interest / single interest compound interest combination) cost of money.

The aforementioned interest rate determination date shall determine the pricing benchmark to be applied in accordance with the relevant rules of Article 1.1 of Part II.

3.3 The loan hereunder shall be calculated on a daily basis from the actual withdrawal date and settled on a monthly (monthly / quarterly / half-year) basis. When the loan is due, the remaining outstanding interest will be settled together with the principal. The borrowing borrowed are British pound, Australian dollar, Canadian dollar, Singapore dollar or Hong Kong dollar

Time, daily interest rate = annual interest rate / 365; daily interest rate / 360.

3.4 If the currency of the loan is RMB, the overdue penalty interest rate under this contract shall be added by 50 on the basis of the original loan interest rate % Confirmation; if the borrowing currency is foreign currency, the overdue penalty interest rate under this contract shall be determined by additional basis points based on the original borrowing interest rate (10.01%). The misappropriated borrowing penalty interest rate shall be determined by adding 100% on the basis of the original borrowing interest rate.

3.5 In addition to interest, the borrower shall also pay the commitment fee to the lender for the borrower has not withdrawn. The commitment fee shall be the difference between the amount of the loan agreed in Article 2 and the amount paid by the borrower (the average daily balance within the billing period) and the L% of the annual fee Rate, paid as per L (1 / 2) below:

(1) Pay to the lender in a lump sum on the expiration date of the billing cycle.

(2) After this Contract comes into force, the payment shall be paid to the lender on 20 days of each L (month / quarter / half year) until billing Period expiration date.

If the loan under this Contract is recyclable, the billing period refers to the term of the revolving loan amount; if the loan under this Contract is not recyclable, the billing period refers to the period between the withdrawal date of the last loan limit.

If the commitment fee is paid in different installments, if the borrower fails to pay the commitment fee on time, the lender has the right to stop issuing the loan or part or Cancel the borrower.

Article 4 withdrawal (not applicable)

4.1 The Borrower shall draw the following 1 (1 / 2 / 3):

(1) Clear up the loan in a lump sum before April 25,2024;

(2) One or more loan from the effective date of this Contract to the date of;

(3) Draw the installment according to the following time. If the borrower changes the withdrawal time or amount according to the progress of the payment, it shall get a loan

The payer agrees that the Borrower shall clear the loan at the latest.

Drawing time	Withdrawal amount
L	L
L	L
L	L

4.2 If the borrower fails to draw the money as agreed, the lender shall have the right to cancel partially or all the loan not drawn by the borrower.

Article 5. Repayment

5.1 The Borrower shall repay the loan hereunder in 1 (1 / 2) of the following ways:

(1) The loan shall be repaid in a lump sum when maturity.

(2) The ment according to the following repayment plan (if the content is more, another page can be attached). Clause 3.2 (3)

Type of floating overnight interest rate determines interest rate, cannot use equal amount principal and interest repayment method to repay principal and interest.

Plan repayment time	Plan repayment amount
L	L
L	L

5.2 If the loan under this contract falls under the following circumstances, the borrower shall repay the loan immediately after the corresponding funds are in place, as follows

If this results in prepayment, the borrower does not need to pay liquidated penalty for prepayment:

∟

5.3 In addition to the circumstances stipulated in 5.2, the borrower shall pay the lender liquidated damages in advance. The liquidated damages shall be calculated according to the following standards: the remaining repayment amount of repayment (months) %., The number of remaining borrowing months Less than a month, it shall be counted as one month.

Article 6 Special Provisions on revolving loan (selective terms, not in this article fit With (applicable / not applicable))

6.1 The loan under this Contract can be recycled. The loan amount mentioned in Article 2 and the loan term of this Contract shall be the use term of the revolving loan amount and the revolving loan amount, and the use term of the revolving loan amount shall be calculated from the effective date of this Contract calculate.

6.2 RMB circular borrowing rate using pricing benchmark and floating points, including pricing benchmark refers to a working day before the national interbank lending center released related maturity varieties of loan market offer interest rate (LPR), each loan according to the loan term against the table below determine the corresponding maturity of loan market offer rate (LPR) and add and subtract the floating points, Plus and minus points are in basis points. Specifically:

Scope of loan term	The corresponding loan market Offered interest rate (LPR) term variety	Add or subtract points
L	L	L
L	L	L
L	L	L
L	L	L

If the National Interbank Lending Center does not announce the loan market quotation rate of the corresponding term in the working day before the withdrawal, then Based to the loan market quoted rate announced by the National Interbank Lending Center on the previous working day, and so on.

6.3 If the loan under this Contract can be recycled, if the borrower fails to make the loan for two consecutive months from the date of signing this Contract For any withdrawal, the lender has the right to cancel the revolving loan amount.

Article 7. Guarantee

If the loan guarantee under this contract is the maximum amount guarantee, the corresponding maximum amount guarantee contract is L (1 / 2 / 3, multiple options):

(1) The Maximum Amount Guarantee Contract (No.):

bail:

(2) The Maximum Amount Mortgage Contract (No.):

mortgagor:

(3) Maximum Amount Pledge Contract (No.):

Pledge: L

Article 8 Financial agreement (selective terms, this article does not apply (applicable / not applicable))

During the term of this Contract, the Borrower shall observe the following financial indicators:

L

Article 9 Dispute Settlement

The dispute settlement under this Contract shall be 2 (1 / 2):

(1) Submit the dispute to the Arbitration Commission of L, in accordance with the arbitration rules in force at the time of submitting the arbitration application,

Arbitration at L (place of arbitration). The arbitral award shall be final and binding on both parties.

(2) Settlement shall be settled in the court where the lender is located.

Article 10. Other

10.1 This Contract is made in duplicate, with the borrower, the lender each holding one copy and each copy having the same legal effect.

10.2 The following annexes and other annexes jointly confirmed by both parties shall constitute an integral part of this Contract and shall be combined herewith Have the same legal effect:

Attachment 1: Withdrawal Notice (format)

Annex 2: Entrusted Payment Agreement

Annex 3: L

Article 11

Part Two Specific terms

Article 1: Interest Rate and interest

1.1 borrowing currency for foreign currency and choose term rate or floating overnight interest rate pricing, interest rate date (T, if the interest rate date is not a working day, then the most recent working days as the T day) should be applicable pricing benchmark for road fu or bloomberg financial telecommunications terminal page shown in the contract of the corresponding T-N working days of interest rate. If the interest rate pricing benchmark is negative, press zero execution. The above working days refer to the local workers of the benchmark management of the loan currency For the day. For applicable term rate, N value is 2; for applicable floating overnight rate, N rate is 5.

For the avoidance of doubt, the SOFR term rate agreed herein this Contract means the SOFR term rate issued by the Chicago Mercantile Exchange (CME) determined by the Alternative Rate Commission (ARRC); the SONIA term rate agreed herein this Contract means (Refinitiv) The published SONIA maturity interest rate.

If there is a major change in the pricing benchmark, follow the market rules in effect at that time. If the lender then requires the borrower to do If a supplementary agreement is signed on relevant matters, the borrower shall cooperate.

1.2 If the loan under this contract adopts floating interest rate, the interest rate adjustment rules after the loan shall still be implemented in the original way.

1.3 Pay the loan monthly on the 20th day of each month; pay the loan quarterly on the 20th day of the end of each quarter

For six months, the settlement date is on June 20 and December 20 of each year.

1.4 The first interest period is from the date of the borrower to the first settlement date; the last interest period is from the day after the end of the previous interest period to the final repayment date; the remaining interest period is from the day after the end of the previous interest period The next settlement date.

1.5 Loan interest = loan principal x daily interest rate x actual days of use.

If the interest rate is determined by the method of Article 3.2 (3) of the Contract, and the loan interest is calculated by single compound combination, the interest is the applicable interest rate on the date of the base date; the interest is the same as the previous working day, but if the loan principal changes, the interest shall be adjusted accordingly according to the aforementioned formula. The interest is calculated on the spread in a single interest manner. The working days mentioned in this article refer to the pricing base of the borrowing currency

Local working days of the quasi-management organization.

If the repayment method of equal principal and interest is adopted, the calculation formula of principal and interest should be repaid is as follows:

Total principal and interest of each period = loan principal \times term interest rate \times (1 + term interest rate) Number of repayment periods / (1 + term interest rate) number of repayment periods - 1

1.6 If the People's Bank of China adjusts the method of determining the loan interest rate and applies to the loan under this Contract, the medium shall be medium The relevant provisions of the People's Bank of the State shall be handled, and the lender shall not notify the borrower separately.

1.7 The loan interest rate shall be determined at the time of signing this contract in accordance with the loan market quotation interest published by the National Inter-bank Lending Center

Where the rate (LPR) is reduced by a certain basis point, the lender has the right to re-evaluate the preferred interest rate given to the borrower annually.

Home policy, borrower's credit status and changes in loan guarantee, and decide entirely or partially to cancel the benefits granted to the borrower Rate concessions, and timely notify the borrower.

1.8 If otherwise, the borrowing rate in this contract shall be the annualized interest rate calculated by the single interest method.

Article 2 Payment and payment of loans

2.1 The Borrower must meet the following preconditions for withdrawing the loan, otherwise the Lender shall not be obliged to issue any to the Borrower

Payment, except where the Lender agrees to advance the lending of money:

- (1) In addition to the credit loan, the borrower has provided the corresponding guarantee as required by the lender and the relevant guarantee hand has been completed continuous;
- (2) No breach of the contract under this Contract or under any other contracts signed by the Borrower and the Lender occurs;
- (3) The proof materials of the purpose of the loan provided are consistent with the agreed purpose;
- (4) Submit other information required by the Lender.

2.2 The written documents provided by the borrower to the lender during the withdrawal shall be the original; if the original documents cannot be provided, the lender shall be obtained

A photocopy affixed with the official seal of the borrower may be provided after consent.

2.3 The borrower shall submit the withdrawal notice to the lender at least 5 working days in advance. Once the withdrawal notice is submitted, it shall not be revoked without the written consent of the lender. The Borrower shall affix the Borrower's official seal or special financial seal on the IOU according to the reserved account seal of the loan account designated by the withdrawal notice. The borrower hereby confirms and reserves a seal

Where the official seal and special financial seal are included at the same time, one or more seals are affixed on the IOU, which shall be valid ious.

2.4 If the lender approves the withdrawal of the borrower, the lender shall transfer the loan to the designated borrower account, which shall be regarded as the loan

The person has made the loan to the borrower in accordance herein.

2.5 In accordance with the relevant regulatory regulations and the management requirements of the lender, if the loan exceeds a certain amount or meets other conditions, the loan payment shall be entrusted by the lender, and the lender shall pay the loan to the payment object conforming to the purpose agreed herein according to the withdrawal application and payment entrustment of the borrower. Therefore, the Borrower and the Lender shall sign a separate entrusted payment agreement as an attachment to this contract

And to open or designate a special account with the lender to handle the entrusted payment matters.

Article 3: Repayment

3.1 The Borrower shall repay the loan principal, interest and other payables in full and on time as agreed herein. On the repayment day and one working day before the repayment date of each interest settlement, the borrower shall deposit the full amount in the repayment account opened at the lender, and the interest, principal and other amounts payable, the lender shall have the right to voluntarily transfer on the repayment date or interest settlement date, or require the borrower to cooperate in handling the relevant transfer procedures. If the amount in the repayment account is insufficient to pay the full amount due by the borrower, the loan

The person has the right to decide the order of repayment.

If the repayment account is reported lost, frozen, stopped payment, cancelled, or the borrower needs to change the repayment account, the borrower shall arrive

The lender handles the change of the repayment account. Before the change procedure takes effect, if the original repayment account can no longer be fully transferred, the borrower shall go to the lender for counter repayment. The borrower fails to go through the procedures for changing the repayment account in time or fails to arrive at the lender's counter in time

If repayment results in failure to repay the principal, interest and other expenses of the loan due in full on time, the borrower shall be liable for breach of contract.

3.2 If the borrower applies for repayment of all or part of the loan in advance, it shall submit the application to the lender 10 working days in advance

The written application shall obtain the consent of the lender and pay the lender liquidated damages for repayment in advance in accordance with the standards agreed herein.

3.3 If the lender agrees to repay the loan in advance, the borrower shall pay the principal of the loan until the prepayment date, and the principal, interest and other amounts payable herein. The interest is calculated in a single interest compound interest combination. If the borrower fails to pay the above interest during the prepayment, the outstanding interest will be as part in Part II

Article 1.5. The amount of interest shall continue to be calculated until the interest is paid in full.

3.4 The lender has the right to recover the loan in advance according to the fund withdrawal of the borrower.

3.5 The actual loan term is shortened due to the borrower's repayment in advance or the lender recovering the loan in advance according to the provisions herein

The corresponding interest rate shall not be adjusted, and the original borrowing interest rate shall still be implemented.

Article 4 Circular loan

If the loan under this contract can be recycled, the sum of the loan balance of the borrower at any point of the loan shall not exceed the revolving loan amount, and the revolving loan amount shall be gradually reduced with the repayment arrangement (in Article 5 of Part I

The repayment amount corresponding to the agreed situation is the revolving loan amount that should be deducted at that time).

Article 5 Guarantee

5.1 In addition to credit borrowing, the Borrower shall provide the lender for the performance of its obligations under the Contract Guarantee of effect. The guarantee contract shall be signed separately.

5.2 The collateral under this Contract is damaged, devalued, property right dispute, sealed up or detained, or the guarantor violates the provisions of the guarantee contract, or the financial situation of the guarantor has adverse changes or other unfavorable creditor's rights against the lender

Change, the Borrower shall promptly notify the Lender and provide other guarantees recognized by the Lender.

5.3 The Lender shall have the right to reevaluate the value of the collateral and the guarantee ability of the guarantor regularly or irregularly. If the evaluation considers that the value of the collateral decreases or the guarantee ability of the guarantor decreases, the Borrower shall provide additional value and value reduction or guarantee ability To reduce part of the equivalent guarantee, or to provide other guarantees recognized by the lender.

5.4 If the loan under this Contract is pledged by accounts receivable, during the term of this Contract, the lender shall have the right to have the loan to mature in advance and require the borrower to immediately repay part or all of the principal and interest of the loan, or add the lender Approved legal, valid and full guarantee:

(1) The bad debt rate of accounts receivable paid by the pledgor to the payer has increased for two consecutive months;

(2) Accounts receivable receivable by the pledgor accounts for the balance of accounts receivable to the payer More than 5%;

(3) Trade disputes between the Pledgor and the payer or other third parties (including but not limited to quality, technology, Service disputes) or debt disputes, resulting in accounts receivable may not be due on time.

Article 6 Account management

6.1 The Borrower shall designate a special fund withdrawal account at the Lender for collecting the corresponding sales revenue or planned repayment fund. If the corresponding sales revenue is settled in a non-cash form, the borrower shall ensure that the funds are transferred into the collection account in time after receiving the funds one-panelled door.

6.2 The lender shall have the right to supervise the fund withdrawal account, including but not limited to understanding and supervising the fund income and expenditure of the account, and the borrower shall cooperate. If required by the lender, the borrower shall sign a special account with the lender

Regulatory agreement.

Article 7: Statements and warranties

The Borrower makes the following representations and warranty to the Lender throughout the term of this Contract:

7.1 It shall have the subject qualification of the borrower according to law, and shall have the qualification and ability to sign and perform this Contract.

7.2 This contract has obtained all necessary authorization or approval, and the signing and performance of this contract shall not violate the articles of association of the company And the provisions of the relevant laws and regulations, and the other obligations under the contract are not in conflict.

7.3 Operating in accordance with the law, with good credit status, other debts payable have been paid on schedule, and no malicious default of bank loans Principal and interest behavior.

7.4 It has a sound organizational structure and financial management system, and no major occurred in the process of production and operation in the latest year Violation of rules and discipline, the current senior management personnel do not have any major bad record.

7.5 All the documents and materials provided to the Lender are true, accurate, complete and valid, and there is no false recording List, material omissions, or misleading statements.

7.6 The financial and accounting reports provided to the Lender are prepared in accordance with Chinese accounting standards, which truly, fairly and completely reflect the operating conditions and liabilities of the borrower, and the financial affairs of the borrower since the end of the latest financial and accounting reports There were no material adverse changes in the situation.

7.7 Failure to conceal the litigation, arbitration or claim involved from the Lender. There is no ongoing potential for affecting the borrowing Litigation, arbitration, other administrative procedures or claims of the payer in signing or performance of this Contract and paying the debts under this Contract.

7.8 Failing to conceal from the Lender any occurrence or ongoing occurrence that may affect its financial position and solvency item.

Article 8. Commitment made by the Borrower

8.1 The loan shall be withdrawn and used according to the term and purpose agreed herein, and the loan shall not be used for fixed assets and equity Such investment shall not flow into the securities market and futures market in any form or for other purposes prohibited or restricted by relevant laws and regulations.

8.2 Pay off the loan principal, interest and other payables in accordance with the contract.

8.3 Accept and actively cooperate with the lender by means of account analysis, voucher inspection, on-site investigation, etc

To inspect and supervise the use of the borrowed funds, and report the use of the borrowed funds regularly according to the requirements of the lender.

8.4 Accept the credit inspection of the lender, provide the balance sheet, profit and loss statement and other financial and accounting materials reflecting the solvency of the borrower according to the requirements of the lender, and actively assist and cooperate with the lender in the adjustment of its production, operation and financial situation Check, understand, and supervise.

8.5 If the outstanding principal and interest of the loan and other payable amounts are due (including it is declared to be due immediately), No dividends and dividends in any form.

8.6 Loans shall be obtained in advance for merger, division, capital reduction, equity change, equity pledge, transfer of material assets and claims, major outbound investment, substantial increase in debt financing and other actions that may have adverse effects on the rights and interests of the lender It may be made only with the written consent or with respect to the realization of the claims of the Lender.

8.7 Timely notify the Lender of any of the following circumstances:

- (1) Change of the articles of association, business scope, registered capital and legal representative;
- (2) closure, dissolution, liquidation, suspension of business for rectification, revocation of business license, revocation or application for (applied for) bankruptcy; (3) involving or may involve major economic disputes, litigation, arbitration, or property is sealed up, detained or supervised according to law;
- (4) Shareholders, directors and current senior management personnel are suspected of major cases or economic disputes.

8.8 Timely, comprehensively and accurately disclose related party relations and related party transactions to the lender.

8.9 Timely sign for all kinds of notices sent or otherwise delivered by the Lender.

8.10 Do not dispose of its own assets by reducing its solvency; providing security to a third party does not damage the rights of the lender benefit.

8.11 If the loan under this Contract is issued by credit, the external guarantee situation shall be submitted to the lender completely, truthfully and accurately and regularly, and the account supervision agreement shall be signed according to the requirements of the lender. External guarantee may affect it in this contract The performance of the obligations hereunder shall be subject to the written consent of the lender.

8.12 The expenses incurred by the Lender to realize the claims hereunder, including but not limited to attorney's fees and auction fees class.

8.13 The order of repayment of the debts hereunder shall have priority over the debts of the Borrower to its shareholders and otherwise to the Borrower Similar debt of creditors are at least in equal status.

8.14 The borrower's repayment funds (including but not limited to the funds obtained by the lender through withholding and disposal of collateral, etc.)

If it is sufficient to repay all its debts to the Lender under this contract and other contracts, the lender shall have the right to determine the order of repayment.

8.15 Strengthen the environmental and social risk management, and accept the supervision and inspection of the lender. If the lender requests it, lend to it The payer shall submit an environmental and social risk report.

Article 9. Commitment of the Lender

9.1 Loan shall be issued to the borrower as agreed herein.

The non-public information and information provided by the borrower shall be kept confidential, provided as otherwise stipulated by laws and regulations and otherwise stipulated in this contract

Article 10. Breach of contract

10.1 Any of the following circumstances shall constitute a default of the borrower:

- (1) The borrower fails to repay the principal and interest of the loan and other amounts payable as agreed, or fails to perform this contract Any other obligation, or breach of representations, warranties or commitments under this Contract;

- (2) If the guarantee under this contract is not conducive to the creditor's right of the lender, or the guarantor violates the provisions of the guarantee contract, The borrower fails to provide other guarantees recognized by the lender;
- (3) Any other debt of the Borrower fails to pay off after maturity (including the declared early maturity), or fails to be performed or The breach of its obligations under other agreements has already affected, or may affect, the performance of its obligations under this Contract;
- (4) The borrower's financial profitability, solvency, operating capacity, cash flow and other indicators break through the agreed standards, Or a deterioration that has caused, or may affect, the performance of its obligations under this Contract;
- (5) Significant adverse changes in the borrower's equity structure, production and operation, and overseas investment have occurred, either in or or may affect them Performance of its obligations under this Contract;
- (6) The borrower is involved in or may be involved in major economic disputes, litigation, arbitration, or the assets are sealed up, detained or enforced, or is investigated or investigated by judicial or administrative organs or takes punitive measures according to law, or for violating the relevant national regulations The decision or policy is exposed by the media, which has already affected or may affect the performance of its obligations under this Contract;
- (7) Abnormal change, disappearance of the main investors and key managers of the borrower or being investigated by judicial authorities according to law The restriction of personal freedom has affected or may affect the performance of its obligations under this Contract;
- (8) The borrower takes advantage of the false contract with the related parties to exploit the transaction without actual transaction background Gold or credit granting, or intentionally evading the creditor's rights of the lender through related party transactions;
- (9) The borrower has or may close, dissolved, liquidated, suspend business for rectification, business license revoked, revoked or applied Please (be filed for) for bankruptcy;
- (10) The borrower violates food safety, production safety, environmental protection and other environmental and social risk management Liability accidents, major environmental and social risk events caused by laws, regulations, regulatory regulations or industry standards Affecting the performance of its obligations hereunder;
- (11) If the loan under this Contract is issued by credit, the credit rating, profit level, asset-liability ratio, net cash flow of operating activities and other indicators do not meet the credit conditions of the lender; or the borrower establishes the credit or provides guarantee to others without the effective operating assets, which has or may be affected

Performance of its obligations under this Contract;

- (12) Other circumstances that may adversely affect the realization of the lender's claims under the Contract.

10.2 If the Borrower defaults, the Lender has the right to take one or more of the following measures:

- (1) Ask the borrower to correct the default behavior within a time limit;
- (2) Stop issuing loans and other financing to the borrower according to this Contract and other contracts between the Lender and the borrower Payment, partially or entirely cancel the borrower's failure to withdraw loans and other financing funds;

(3) To announce the establishment of outstanding loans and other financing funds under other contracts under this Contract and between the Lender and the Borrower Upon maturity, the outstanding amount shall be recovered immediately;

(4) Request the borrower to compensate for the losses caused to the lender due to its default;

(5) Other measures as stipulated by laws and regulations, as agreed herein or deemed necessary by the Lender.

10.3 If the borrower fails to repay the loan due (including being declared to be due immediately), the lender shall have the right to collect the penalty interest at the overdue penalty rate agreed herein from the overdue date. The interest (including penalty interest) that the borrower fails to pay on time shall be fined as overdue Interest rate is calculated as compound interest. The settlement rules of penalty interest / compound interest shall apply to the settlement rules of interest agreed upon in this contract.

10.4 If the borrower fails to use the loan according to the purpose agreed herein, the lender shall have the right to collect the penalty interest on the misappropriated part of the misappropriation of the loan (including the penalty interest) of the loan during the misappropriation of the loan shall be calculated at the penalty interest rate of the loan. The settlement rules of penalty interest / compound interest shall apply to the settlement of the interest agreed upon in this contract Interest rules.

10.5 If the borrower has the circumstances mentioned in Clauses 10.3 and 10.4 above at the same time, the penalty interest rate shall be determined by the preferred person, no Can concurrently.

10.6 If the borrower fails to repay the principal, interest (including penalty interest and compound interest) or other amounts payable of the loan, the loan People have the right to announce the collection through the media.

10.7 Any change in the control or controlled relationship between the affiliated party of the Borrower and the Borrower, or the affiliated party of the Borrower under other circumstances in Article 10.1 other than Item (1) and (2) above, has occurred or may affect the Borrower herein

For the performance of the obligations under the contract, the lender shall have the right to take the measures agreed herein.

Article 11 Automatic cancellation of the loan commitment

11.1 If the Borrower's credit standing deteriorates, the lender may automatically cancel all uncredit to the Borrower without prior notice A promise to withdraw the loan.

11.2 The occurrence of the Borrower under any of the circumstances described in Articles 10.1 and 10.7 of the second part of this Contract shall constitute the credit of the Borrower The condition deteriorated.

Article 12. Withhold and receive it

12.1 If the Borrower fails to repay the debts due under this Contract (including those declared to be due immediately) as agreed, the Borrower shall Agree that the Lender shall deduct the corresponding amount from all local and foreign currency accounts opened by the borrower in ICBC for repayment until All the debts of the Borrower under this Contract are fully repaid.

12.2 If the deduction amount is inconsistent with the currency of this Contract, it shall be converted at the exchange rate applicable to the lender on the deduction date. The interest and other expenses incurred during the period from the deduction date to the settlement date (the date when the lender will exchange the deducted cost for the actual settlement of the debts under this Contract) and the difference caused by the exchange rate fluctuations during the period shall be borrowed The person bear.

Article 13 Assignment of rights and obligations

13.1 The Lender has the right to assign in part or all of its rights under hereof to a third party without the consent of the Borrower. The Borrower shall not assign any of its rights under this Contract without the written consent of the Lender And obligation.

13.2 the lender or industrial and commercial bank of China co., LTD. (“industrial and commercial bank”) can according to the management needs to authorize or entrust industrial and commercial bank of other branches to perform the rights and obligations under this contract, or the loans under this contract as industrial and commercial bank of other branches to undertake and management, the borrower approved, the lender without the consent of the borrower. Other branches of ICBC undertaking the rights and obligations of the lender shall have the right to exercise all the rights under this Contract The dispute under this Contract shall be brought to the court, submitted for arbitration or applied for enforcement in the name of the agency.

Article 14 Effectiveness, alteration and rescission

14.1 This Contract shall come into force from the date of affixed the official seal or special seal for contract to all the obligations of the borrower under this Contract Termination on the date of completed performance.

14.2 Any change to this Contract shall be made by all parties and in writing. The change terms or agreement shall form a part of this Contract and shall have the same legal effect as this Contract. Except for the modified part, the rest of the Contract shall remain valid, The original clause shall remain in force before the change part takes effect.

14.3 The modification and termination of this Contract shall not affect the right of the contracting parties to claim compensation for losses. Termination of this Contract, No Affect the validity of the relevant dispute resolution clause.

Article 15 Application of law and dispute resolution

The conclusion, validity, interpretation, performance and dispute settlement of this Contract shall be governed by the laws of the People’s Republic of China. Any dispute or dispute arising from or in connection with this Contract shall be settled by both parties through negotiation and shall be settled as agreed herein decide.

Article 16 Confirmation of the service address of the litigation / arbitration documents

16.1 The Borrower confirms that the address recorded on the front page of this Contract is used as the litigation / arbitration document for the dispute under this Contract address for service. Litigation / arbitration documents include but are not limited to summons, notice of hearing, written judgment, written order, conciliation statement and limit Period of performance notice, etc.

16.2 The Borrower agrees that the arbitration institution or the court may use the fax and email recorded on the front page of this Contract to serve the arbitration / charging document.

16.3 The above service agreement shall apply to all stages of first instance, second instance, retrial and execution in arbitration and litigation proceedings. To At the above address of service, the arbitration institution or the court may serve it directly by mail.

16.4 The Borrower shall ensure the authenticity and validity of the address, contact person, fax, E-mail and other information recorded herein this Contract. In case of any change in relevant information, the Borrower shall timely notify the lender in writing, otherwise the service shall be made according to the original address information However, the borrower shall bear the legal consequences arising therefrom.

Article 17, a complete contract

The first part of the Basic Agreement and the second part of the Specific terms of this Contract jointly form a complete working capital Loan contract, the same words in the two parts have the same meaning. The Borrower is jointly bound by the above two parts.

Article 18. Notice

18.1 All notices from the borrower and the borrower shall be given in writing. Unless otherwise agreed, the two parties shall specify the place of residence specified in this contract as the communication and contact address. If the mailing address or other contact information of any party is changed, it shall be changed Inform the other party in writing.

18.2 If either party refuses to sign or other cases cannot be delivered, the notice shall be notarized or announced Delivery by way.

Article 19 Special provisions on VAT

19.1 The interest and fees paid by the Borrower to the Lender shall be tax inclusive.

19.2 If the borrower requires the lender to issue a VAT invoice, it shall first register the information with the lender, including the full name of the borrower, the taxpayer identification number or social credit code, address, telephone number, bank and account number. The Borrower shall ensure that the relevant information provided to the Lender is true, accurate and complete, and provide relevant supporting materials, specific as required by the Lender

It is required to be issued by the lender through the branch notice or the website announcement.

19.3 If the borrower receives the VAT invoice by itself, it shall provide the lender with the power of attorney with the seal, and specify the ID number of the VAT invoice with the original ID card. If the designated recipient changes, the borrower shall issue the power of attorney with the seal to the lender again. If the borrower chooses to collect the VAT invoice by mail, it shall also provide accurate and available mailing information; if the mailing information is changed, it shall be provided To notify the lender in writing.

19.4 The loan is not due to force majeure such as natural disasters, government behaviors, abnormal social events or tax authorities

If the VAT invoice can be issued in time, the lender has the right to delay the invoice and does not assume any responsibility.

19.5 If the VAT invoice is received or submitted to the third party after the lender is lost, damaged or overdue by the borrower, or the borrower receives the VAT invoice or cannot be deducted after the deadline, the lender shall not Responsible for compensating the borrower for related economic losses.

19.6 due to sales return, taxable service suspension or make out an invoice error, deduction, invoice cannot certification, need to issue VAT red letter special invoice, according to the relevant laws, regulations and policy documents required by the borrower, to the tax authorities submit the scarlet letter VAT special invoice information table, should be submitted by the borrower to the tax authorities the issue, scarlet letter VAT special invoice information table, after the tax authorities audit and notify the lender, the lender issued scarlet letter VAT With the invoice.

19.7 During the performance of this Contract, in case of national tax rate adjustment, the Lender shall have the right to adjust this Contract according to the change of national tax rate agreed price.

Article 20 Other articles

20.1 If the Lender fails to exercise or partially exercises or delays in exercising this right, any right under the Contract shall not constitute such right Or the waiver or alteration of other rights shall not affect the further exercise of such rights or other rights.

20.2 The invalidity or unenforceability of any provision of this Contract shall not affect the validity and enforceability of any other provisions It does not affect the validity of the entire contract.

20.3 The terms “related party”, “related party relationship”, “related party transactions”, “major investor individual” and “key managers” mentioned in this Contract and the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance Affiliate Disclosure (Accounting [2006] No.3) and the same words in the subsequent revision of the Code have the same meaning.

20.4 The environmental and social risks mentioned in this Contract refer to the hazards and related risks that the borrower and its important affiliated parties may bring to the environment and society in the construction, production and operation activities, including energy consumption, pollution, land, health, safety and migration Environmental and social issues related to resettlement, ecological protection and climate change.

20.5 The Lender shall make the retained documents and vouchers for the loan under this Contract in accordance with its business rules, which shall constitute proof The valid evidence of the debt-creditor relationship between the borrower and the borrower shall be binding on the borrower.

20.6 During the term of this Contract, if any promulgation or modification of laws and regulations, national policies or regulatory provisions, If the lender is unable to continue to perform this Contract or some provisions of this Contract, the lender shall have the right to cancel the unissued loan, And to take other measures deemed necessary by the lender in accordance with the relevant provisions.

20.7 In this Contract, (1) any reference to this Contract shall include amendments or additions to this Contract; (2) a clause title only By reference, it does not constitute any interpretation of the Contract or constitute any restriction on the contents and scope under the title.

Both parties confirm that both the borrower and the borrower have fully negotiated all the terms of this contract. The Lender has drawn special attention from the Borrower to the full provisions of the rights and obligations of the parties, made a full and accurate understanding of them, and has addressed the relevant terms at the request of the Borrower

Make explanations and explanations. The Borrower has carefully read and fully understood all of the contract terms (including the first part of the “Basic Agreement”

And the second part of the specific terms), the borrower and the borrower have the same understanding of the terms of this contract and have no objection to the content of the contract.

Contract serial number: 202403220121100097655501, a total of 2 copies

**Certification by the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Raymond Z. Wang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenland Technologies Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 15, 2024

/s/ Raymond Z. Wang

Name: Raymond Z. Wang

Title: Chief Executive Officer

(Principal Executive Officer)

Certification by the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jing Jin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenland Technologies Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 15, 2024

/s/ Jing Jin

Name: Jing Jin

Title: Chief Financial Officer

(Principal Financial Officer)

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to U.S.C. Section 1350 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Raymond Z. Wang, Chief Executive Officer of Greenland Technologies Holding Corporation (the "Company"), hereby certify to my knowledge that:

The quarterly report on Form 10-Q for the quarter ended March 31, 2024 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2024

/s/ Raymond Z. Wang

Raymond Z. Wang
Chief Executive Officer
(Principal Executive Officer)

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to U.S.C. Section 1350 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Jing Jin, Chief Financial Officer of Greenland Technologies Holding Corporation (the "Company"), hereby certify to my knowledge that:

The quarterly report on Form 10-Q for the quarter ended March 31, 2024 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2024

/s/ Jing Jin

Jing Jin

Chief Financial Officer

(Principal Financial Officer)