

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 September 30, 2021

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 000-26731

**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:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
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  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

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 November 12, 2021, there were 11,371,171 ordinary shares, no par value, issued and outstanding.

## INDEX

	<b>Page Number</b>
<u>PART I. FINANCIAL INFORMATION</u>	1
<u>ITEM 1. Financial Statements (unaudited)</u>	1
<u>ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	2
<u>ITEM 3. Quantitative and Qualitative Disclosures About Market Risk</u>	15
<u>ITEM 4. Controls and Procedures</u>	15
<u>PART II. OTHER INFORMATION</u>	17
<u>ITEM 1. Legal Proceedings</u>	17
<u>ITEM 1A. Risk Factors</u>	17
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>ITEM 3. Defaults Upon Senior Securities.</u>	17
<u>ITEM 4. Mine Safety Disclosures.</u>	17
<u>ITEM 5. Other Information.</u>	17
<u>ITEM 6. Exhibits</u>	18
<u>Signatures</u>	19

## 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 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  
CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

PAGE	<a href="#">F-1-F-2</a>	<a href="#">CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2021 (UNAUDITED) AND DECEMBER 31, 2020</a>
PAGE	<a href="#">F-3</a>	<a href="#">CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER, 2021 AND 2020 (UNAUDITED)</a>
PAGE	<a href="#">F-4</a>	<a href="#">CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER, 2021 AND 2020 (UNAUDITED)</a>
PAGE	<a href="#">F-5-F-6</a>	<a href="#">CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER, 2021 AND 2020 (UNAUDITED)</a>
PAGE	<a href="#">F-7-F-33</a>	<a href="#">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</a>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020**

**(IN U.S. DOLLARS)**

	<b>September 30,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,020,787	\$ 7,159,015
Restricted cash	6,635,569	2,244,038
Short term investment	500,000	-
Notes receivables	37,028,350	30,803,772
Accounts receivable, net of allowance for doubtful accounts of \$999,026 and \$986,532, respectively	21,321,082	12,408,548
Inventories	20,608,956	15,380,063
Due from related parties-current	39,026,289	38,535,171
Advance to suppliers	207,371	447,901
Prepayments and other current assets	94,239	664,926
<b>Total Current Assets</b>	<b>\$ 134,442,643</b>	<b>\$ 107,643,434</b>
<b>Non-current asset</b>		
Property, plant, equipment and construction in progress, net	19,313,667	20,135,339
Land use rights, net	4,014,734	4,035,254
Other intangible assets	-	-
Due from related parties – non-current	-	-
Deferred tax assets	158,431	158,455
Goodwill	3,890	3,890
Operating lease right-of-use assets	88,783	
Other non-current assets	37,210	158,455
<b>Total non-current assets</b>	<b>\$ 23,616,715</b>	<b>\$ 24,335,303</b>
<b>TOTAL ASSETS</b>	<b>\$ 158,059,358</b>	<b>\$ 131,978,737</b>

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

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020 (Continued)**

**(IN U.S. DOLLARS)**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<u>(Unaudited)</u>	<u></u>
<b>Current Liabilities</b>		
Short-term bank loans	\$ 8,664,680	\$ 18,487,356
Notes payable-bank acceptance notes	42,626,471	25,889,067
Accounts payable	28,288,161	22,005,260
Customer deposits	335,631	366,029
Due to related parties	7,514,772	9,051,119
Other current liabilities	1,490,381	2,212,325
Current portion of operating lease liabilities	32,806	-
Long-term payable- current portion	390,293	797,179
<b>Total current liabilities</b>	<b>\$ 89,343,195</b>	<b>\$ 78,808,335</b>
<b>Long-term liabilities</b>		
Long term operating lease liabilities	56,128	-
Long-term payables	-	166,292
Other long-term liabilities	2,183,427	2,342,648
<b>Total long-term liabilities</b>	<b>\$ 2,239,555</b>	<b>\$ 2,508,940</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 91,582,750</b>	<b>\$ 81,317,275</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Ordinary shares, no par value, unlimited shares authorized; 11,371,171 and 10,225,142 shares issued and outstanding as of September 30, 2021 and December 31, 2020.	-	-
Additional paid-in capital	21,983,495	13,707,39
Statutory reserves	3,842,331	4,517,117
Retained earnings	33,340,787	26,728,332
Accumulated other comprehensive loss	418,351	(62,925)
<b>Total shareholders' equity</b>	<b>\$ 59,584,964</b>	<b>\$ 44,889,922</b>
Non-controlling interest	6,891,644	5,771,540
<b>TOTAL EQUITY</b>	<b>\$ 66,476,608</b>	<b>\$ 50,661,462</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 158,059,358</b>	<b>\$ 131,978,737</b>

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

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**  
**(UNAUDITED, IN U.S. DOLLARS)**

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>	\$ 23,084,793	\$ 16,520,598	\$ 75,899,994	\$ 42,969,010
<b>COST OF GOODS SOLD</b>	17,987,363	13,122,382	59,993,008	34,764,736
<b>GROSS PROFIT</b>	<b>5,097,430</b>	<b>3,398,216</b>	<b>15,906,986</b>	<b>8,204,274</b>
Selling expenses	522,770	270,654	1,397,462	792,030
General and administrative expenses	1,150,769	324,073	2,814,120	1,841,958
Research and development expenses	1,372,215	564,204	3,337,056	1,604,151
<b>Total operating expenses</b>	<b>\$ 3,045,754</b>	<b>\$ 1,158,931</b>	<b>\$ 7,548,638</b>	<b>\$ 4,238,139</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$ 2,051,676</b>	<b>\$ 2,239,285</b>	<b>\$ 8,358,348</b>	<b>\$ 3,966,135</b>
Interest income	4,737	66,960	14,165	142,791
Interest expense	(106,506)	(231,760)	(508,359)	(942,524)
Other income	231,466	(1,267,982)	829,556	(415,150)
<b>INCOME BEFORE INCOME TAX</b>	<b>\$ 2,181,373</b>	<b>\$ 806,503</b>	<b>\$ 8,693,710</b>	<b>\$ 2,751,252</b>
<b>INCOME TAX</b>	<b>927,844</b>	<b>346,502</b>	<b>1,844,619</b>	<b>491,660</b>
<b>NET INCOME</b>	<b>\$ 1,253,529</b>	<b>\$ 460,001</b>	<b>\$ 6,849,091</b>	<b>\$ 2,259,592</b>
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	225,181	252,068	911,422	535,898
<b>NET INCOME ATTRIBUTABLE TO GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES</b>	<b>\$ 1,028,348</b>	<b>\$ 207,933</b>	<b>\$ 5,937,669</b>	<b>\$ 1,723,694</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS):</b>	<b>(605,515)</b>	<b>3,657,192</b>	<b>(29,781)</b>	<b>2,410,267</b>
Unrealized foreign currency translation income (loss) attributable to Greenland technologies holding corporation and subsidiaries	(433,694)	2,863,032	(31,313)	2,303,218
Unrealized foreign currency translation income (loss) attributable to Noncontrolling interest	(171,821)	794,160	1,532	107,049
<b>Comprehensive income</b>	<b>594,654</b>	<b>3,070,965</b>	<b>5,906,356</b>	<b>4,026,912</b>
<b>Noncontrolling interest</b>	<b>53,360</b>	<b>1,046,228</b>	<b>912,954</b>	<b>642,947</b>
<b>WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:</b>				
Basic and diluted	11,371,171	10,021,142	10,749,425	10,017,204
<b>NET INCOME PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>				
Basic and diluted	0.09	0.02	0.55	0.17

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

GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

	Ordinary Shares No Par Value		Additional Paid-in Capital	Accumulated Other Comprehensive Income/(loss)	Statutory Reserve	Retained Earnings	Non- controlling Interest	Total
	Shares	Amount						
Balance at December 31, 2019	10,006,142	-	\$ 15,226,685	\$ (360,981)	3,866,574	\$ 19,863,600	\$ 8,366,246	\$ 46,962,124
Restricted stock grants	15,000	-	42,800	-	-	-	-	42,800
Net income	-	-	-	-	-	256,664	71,419	328,083
Transfer to statutory reserve	-	-	-	-	60,253	(60,253)	-	-
Foreign currency translation adjustment	-	-	-	(604,994)	-	-	(700,766)	(1,305,760)
Balance at March 31, 2020	10,021,142	-	\$ 15,269,485	\$ (965,975)	3,926,827	\$ 20,060,011	\$ 7,736,899	\$ 46,027,247
Net income	-	-	-	-	-	1,259,097	212,411	1,471,508
Transfer to statutory reserve	-	-	-	-	195,723	(195,723)	-	-
Dividend	-	-	-	-	-	(13,447)	-	(13,447)
Foreign currency translation adjustment	-	-	-	45,180	-	-	13,655	58,835
Balance at June 30, 2020	10,021,142	-	15,269,485	(920,795)	4,122,550	21,109,938	7,962,965	47,544,143
Net income	-	-	-	-	-	207,933	252,068	460,001
Transfer to statutory reserve	-	-	-	-	216,068	(216,068)	-	-
Foreign currency translation adjustment	-	-	-	2,863,032	-	-	794,160	3,657,192
Balance at September 30, 2020	10,021,142	-	15,269,485	1,942,237	4,338,618	21,101,803	9,009,193	51,661,336
Balance at December 31, 2020	10,225,142	-	\$ 13,707,398	\$ (62,925)	4,517,117	\$ 26,728,332	\$ 5,771,540	\$ 50,661,462
Restricted stock grants	51,000	-	51,000	-	-	-	-	51,000
Sale of stock and warrants	221,985	-	1,858,841	-	-	-	-	1,858,841
Net income	-	-	-	-	-	2,128,568	314,671	2,443,239
Foreign currency translation adjustment	-	-	-	(189,103)	-	-	(69,126)	(258,229)
Balance at March 31, 2021	10,498,127	-	\$ 15,617,239	\$ (252,028)	4,517,117	\$ 28,856,900	\$ 6,017,085	\$ 54,756,313
Sale of stock and warrants	873,044	-	6,366,256	-	-	-	-	6,366,256
Net income	-	-	-	-	-	2,780,753	371,570	3,152,323
Transfer to statutory reserve	-	-	-	-	(674,786)	674,786	-	-
Foreign currency translation adjustment	-	-	-	591,484	-	-	242,479	833,963
Balance at June 30, 2021	11,371,171	-	21,983,495	339,456	3,842,331	32,312,439	6,631,134	65,108,855
Net income	-	-	-	-	-	1,028,348	225,181	1,253,529
Foreign currency translation adjustment	-	-	-	78,895	-	-	35,329	114,224
Balance at September 30, 2021	11,371,171	-	21,983,495	418,351	3,842,331	33,340,787	6,891,644	66,476,608

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



**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**(UNAUDITED, IN U.S. DOLLARS)**

	<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net income</b>	<b>\$ 6,849,091</b>	<b>\$ 2,259,592</b>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,874,166	1,751,084
Loss on disposal of property and equipment	(959)	-
Increase in allowance for doubtful accounts	-	114,108
Increase (Decrease) in allowance for notes receivable	-	(8,166)
Increase (Decrease) in provision for inventory	-	(59,565)
Deferred tax assets	2,023	(17,139)
Stock based compensation expense	66,200	42,800
Loss on prepayment of financing lease obligations	-	53,130
<b>Changes in operating assets and liabilities:</b>		
<b>Decrease (Increase) In:</b>		
Accounts receivable	(8,723,305)	(3,410,247)
Notes receivable	(5,813,094)	(3,311,935)
Inventories	(5,015,669)	(2,201,159)
Advance to suppliers	245,300	(51,312)
Other current and noncurrent assets	78,818	205,389
<b>Increase (Decrease) In:</b>		
Accounts payable	5,982,220	6,324,278
Customer deposits	(34,905)	197,285
Other current liabilities	(559,803)	(263,813)
Income tax payable	-	248,702
Due to related parties	(319,062)	312,785
Long-term payables-unamortized deferred financing costs	(196,662)	199,742
Other long-term liabilities	(298,782)	(184,022)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (5,864,423)</b>	<b>\$ 2,201,537</b>

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

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (Continued)**

**(UNAUDITED, IN U.S. DOLLARS)**

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Long term assets	\$ (852,269)	\$ (436,446)
Proceeds from government grants for construction	166,508	253,329
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>\$ (685,761)</b>	<b>\$ (183,117)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from short-term bank loans	\$ 8,632,927	\$ 20,838,520
Repayments of short-term bank loans	(18,652,874)	(17,547,399)
Notes payable	16,349,406	20,646,974
Proceeds from related parties	418,856	(18,502,957)
Repayment of loans from related parties	(1,747,808)	1,018,437
Repayment of loans from third parties	(309,449)	(520,823)
Proceeds from third parties	154,725	(5,723,689)
Dividend paid	-	4,376,267
Proceeds received from financing lease obligation	-	(13,447)
Prepayment of lease-financing obligations	-	1,430,922
Payment of principal on financing lease obligation	(386,572)	(2,295,833)
Proceeds from equity and debt financing	8,209,897	(1,510,861)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ 12,669,108</b>	<b>\$ 2,196,111</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>\$ 6,118,924</b>	<b>\$ 4,214,531</b>
Effect of exchange rate changes on cash	134,379	1,262,878)
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b>9,403,053</b>	<b>5,717,207</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD</b>	<b>\$ 15,656,356</b>	<b>\$ 11,194,616</b>
Bank balances and cash	9,020,787	10,418,741
Bank balances and cash included in assets classified as restricted cash	6,635,569	775,875
<b>Supplemental Disclosure of Cash Flow Information</b>		
Income taxes paid	1,168,461	417,549
Interest paid	533,027	946,589

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, formerly known as Greenland Acquisition Corporation (“Greenland” or 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. On October 24, 2019, the Company acquired all of the outstanding shares of Zhongchai Holding (Hong Kong) Limited via a reverse capitalization and changed its name from Greenland Acquisition Corporation to Greenland Technologies Holding Corporation.

Greenland serves as the parent Company for the primary operating Company, Zhongchai Holding (Hong Kong) Limited, a holding Company formed under the laws of Hong Kong on April 23, 2009 (“Zhongchai Holding”). Through Zhongchai Holding and other subsidiaries, Greenland develops and manufactures traditional transmission products for material handling machineries in PRC.

Greenland, through its subsidiaries, is:

- a leading developer and manufacturer of transmission products for material handling machineries in China; and
- a developer of electric industrial vehicles.

Greenland’s transmission products are key components for forklift trucks, used in manufacturing and logistic applications such as factories, workshops, warehouses, fulfilment centers, shipyards, and seaports. 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. Forklifts play an important role in logistics for many enterprises across different industries in the PRC and around the globe. Generally, industries with the largest demand for forklifts are transportation, warehousing logistics, electrical machinery, and automobile.

Greenland has experienced increased demand for forklifts in the manufacturing industry in the PRC, as its revenue increased from approximately \$42.97 million for the nine months ended September 30, 2020 to approximately \$75.90 million for the nine months ended September 30, 2021. Since late March 2020, the Company’s business operations have gradually recovered from the negative impacts due to the lockdown as a result of the COVID-19 pandemic, and part of the Company’s backlogged orders were processed during the nine months ended September 30, 2021, which contributed to an increase in its revenues for the nine months ended September 30, 2021. For the nine months ended September 30, 2021 and 2020, Greenland sold 110,082 and 71,749 sets of transmission products, respectively, to more than 100 forklift manufacturers in aggregate in PRC.

In December 2020, Greenland launched a new division that focuses on the production and sale of electric industrial vehicles; a market that Greenland intends to develop to diversify its product offerings. Greenland’s teams have completed the first batch of GEF-series electric forklifts, a lithium powered forklift with three models ranging in size from 1.8 ton to 3.5 tons, and began commercial sales of these electric forklifts in the United States market in November 2021. In addition, Greenland has completed construction of the initial GEL-1800, a 1.8 ton rated load lithium powered electric wheeled front loader, which is expected to become available for sale beginning in November 2021. These vehicles will be followed by Greenland’s GEX-8000, an all-electric 8.0 ton rated load lithium powered wheeled excavator, whose production has completed and is scheduled for arrival in the United States in January 2022. Greenland plans to establish assembly sites and experience centers in the United States in 2022 to support local sales, assembly and distribution.

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. Effective February 3, 2020, the Company announced the temporary closure of its operating offices in Zhejiang Province, including suspension of its manufacturing activities in response to the emergency measures imposed by the local government. The Company’s operating subsidiaries were temporary shut down until the end of February 2020. Moreover, the pandemic has significantly limited suppliers’ ability to provide low-cost, high-quality parts and materials to the Company on a timely basis. Zhejiang Province, where we conduct a substantial part of our business, is one of the most affected areas in China. As of the date of this report, Chinese industries have gradually resumed businesses as government officials started to ease the restrictive measures since April 2020. However, we remain cautious and prudent when assessing the future impact of COVID-19 on our business due to the current ongoing global pandemic.

#### The Company’s Shareholders

As of September 30, 2021, Cenntro Holding Limited owns 59.20% 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, the 100% owned subsidiary of the Company, owns 89.47% of Zhejiang Zhongchai Machinery Co., Ltd. (“Zhejiang Zhongchai”), 62.5% of Shanghai Hengyu Enterprise Management Consulting Co., Ltd. (“Hengyu”) and 100% of Hangzhou Greenland Energy Technologies Co., Ltd. (“Hangzhou Greenland”).

Zhejiang Zhongchai, the subsidiary of the Company, is the sole shareholder of Zhejiang Shengte Transmission Co., Ltd. (“Shengte”). It also owned 62.5% of Hengyu until transferred its ownership to Zhongchai Holding on July 15, 2019.

**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 PRC. On April 5, 2007, Usunco Automotive Limited (“Usunco”), a British Virgin Islands limited liability Company incorporated on April 24, 2006, invested \$8,000,000 USD into Zhejiang Zhongchai for its approximately 75.47% interest. On December 16, 2009, Usunco agreed to transfer its 75.47% interest in Zhejiang Zhongchai to Zhongchai Holding. On April 26, 2010, Xinchang County Keyi Machinery Co., Ltd. transferred all its 24.528% interest in Zhejiang Zhongchai to Zhongchai Holding 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, closed its investment of approximately RMB31,590,000 in Zhejiang Zhongchai for 10.53% of its interest. As of September 30, 2021, Zhongchai Holding owns approximately 89.47% of Zhejiang Zhongchai and Jiuxin owns approximately 10.53% of Zhejiang Zhongchai.

Through Zhejiang Zhongchai, the Company has been engaging in the manufacture and sale 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 the 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, PRC and are sold to both domestic and oversea markets. The Company has moved to its new factory in Meizhu, Xinchang, Zhejiang Province, PRC, in October of 2019.

*Hengyu*

Hengyu is a limited liability Company registered on September 10, 2015 in Shanghai Free Trade Zone, Shanghai, and PRC. Hengyu holds no assets other than an account receivable owed by Cenntro Holding Limited. Main business of Hengyu are investment management and consulting services.

*Hangzhou Greenland*

Hangzhou Greenland is a limited liability Company registered on August 9, 2019 in Hangzhou Sunking Plaza, Zhejiang, PRC. Hangzhou Greenland engages in the business of trading.

*Greenland Tech*

Greenland Technologies Corporation was incorporated in the state of Delaware on January 14, 2020 as a wholly owned subsidiary of Greenland (“Greenland Tech”). The Company uses Greenland Tech as its U.S. operation site for the assembly, marketing and sales of electric industrial vehicles for the North American market.

Details of the Company’s subsidiaries, which are included in these unaudited consolidated financial statements as of September 30, 2021, are as follows:

<b>Name</b>	<b>Domicile and Date of Formation</b>	<b>Paid-in Capital</b>		<b>Percentage of Effective Ownership</b>	<b>Principal Activities</b>
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	20,000,000	89.47%	Manufacture, sale of various transmission boxes.
Shanghai Hengyu Enterprise Management Consulting Co., Ltd.	PRC September 10, 2015	RMB	251,500,000	62.5%	Investment management and consulting services.
Hangzhou Greenland Energy Technologies Co., Ltd.	PRC August 9, 2019	RMB	6,080,835	100%	Trading.
Greenland Technologies Corporation	Delaware, USA January 14, 2020	USD	6,363,557	100%	US operation and distribution of electric industrial vehicles for North American market

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All significant inter-company transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Greenland Technologies Holding Corporation and its subsidiaries and have been prepared in accordance with U.S. GAAP. 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.

The Business Combination was accounted for as a reverse recapitalization (the “Recapitalization Transaction”) in accordance with Accounting Standard Codification (“ASC”) 805, Business Combinations. For accounting and financial reporting purposes, Zhongchai Holding is considered the acquirer based on facts and circumstances, including the following:

- Zhongchai Holding’s operations comprise the ongoing operations of the combined entity;
- The officers of the newly combined company consist of Zhongchai Holding’s executives, including the Chief Executive Officer, Chief Financial Officer and General Counsel; and,
- The former shareholders of Zhongchai Holding own a majority voting interests in the combined entity.

As a result of Zhongchai Holding being the accounting acquirer, the financial reports filed with the SEC by the Company subsequent to the Business Combination are prepared “as if” Zhongchai Holding is the predecessor and legal successor to the Company. The historical operations of Zhongchai Holding are deemed to be those of the Company. Thus, the financial statements included in this report reflect (i) the historical operating results of Zhongchai Holding prior to the Business Combination; (ii) the combined results of the Company and Zhongchai Holding following the Business Combination in October 24, 2019; (iii) the assets and liabilities of Zhongchai Holding at their historical cost, and (iv) Greenland’s equity structure for all periods presented. Zhongchai Holding received 7,500,000 shares of Greenland in exchange for all the share capital, which is reflected retroactively to December 31, 2017 and will be utilized for calculating earnings per share in all prior periods. No step-up basis of intangible assets or goodwill was recorded in the Business Combination transaction consistent with the treatment of the transaction as a reverse capitalization of Zhongchai Holding.

##### **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 nine months ended September 30, 2021 and 2020 include allowance for doubtful accounts, reserve for inventories, useful life of property, plant and equipment, assumptions used in assessing impairment of long-term assets 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**

The accompanying consolidated financial statements are presented in United States dollars (“US\$” or “\$”). The functional currency of the Company is Renminbi (“RMB”). Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Any differences between the initially recorded amount and the settlement amount are recorded as a gain or loss on foreign currency transaction in the consolidated statements of operations.

	For the nine months ended September 30,	
	2021	2020
Period end RMB: US\$ exchange rate	6.4434	6.7896
Period average RMB: US\$ exchange rate	6.4631	6.9885

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 in USA, PRC and Hong Kong Special Administrative Region (“SAR”). Balances at financial institutions or state-owned banks within PRC and Hong Kong SAR are not covered by insurance.

**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.

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's financial instruments primarily consist of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, accounts payable, other payables and accrued liabilities, short-term bank loans, and notes payable.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and other current assets and liabilities approximate fair value because of the short-term nature of these items. The estimated fair values of short-term bank loans were not materially different from their carrying value as presented due to the short maturities and that the interest rates on the borrowing approximate those that would have been available for loans of similar remaining maturity and risk profile. As the carrying amounts are reasonable estimates of the fair value, these financial instruments are classified within Level 1 of the fair value hierarchy.

#### Accounts Receivable

Accounts receivable are carried at net realizable value. The Company reviews its accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, customer's historical payment history, its current creditworthiness and current economic trends. Accounts are written off after exhaustive efforts at collection. The Company only grants credit terms to established customers who are deemed to be financially responsible. Credit periods to customers are within 60 days after customers received the purchased goods. If accounts receivable are to be provided for, or written off, they would be recognized in the consolidated statement of operations within operating expenses. Balance of allowance of doubtful accounts was \$1.00 million and \$1.08 million as of September 30, 2021 and December 31, 2020, respectively.

#### 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. As of September 30, 2021 and December 31, 2020, the Company had reserves for inventories of \$0 million and \$0 million, respectively. The Company records inventory reserves for excess or obsolete inventories based upon assumptions about our current and future demand forecasts.

#### 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 \$0.21 million and \$0.45 million as of September 30, 2021 and December 31, 2020.

#### 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.

#### 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 nine months ended September 30, 2021 and 2020.

#### 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 determined that the leaseback transaction that it entered in 2019 fails to qualify as a sale because control is not transferred to the buyer-lessor. Therefore, the Company has classified the lease portion of the transaction as a finance lease whereby the Company continues to depreciate the assets and recorded a financing obligation for the consideration received from the buyer-lessor, with an implicit interest rate of 4.0038%.

The Company leases premises for offices under non-cancellable operating leases in current year. Operating lease payments are expensed over the term of lease using straight line method. The Company's offices leases have a 3 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 restriction 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 but which 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)**

**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) General Reserve Fund, (ii) Enterprise Expansion Fund and (iii) 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 aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends.

**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 has 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 quality problem, which is standard warranty. The Company product returns and recorded reserve for sales returns were minimal for the nine months ended September 30, 2021 and 2020. The total rebates amount is accounting for around 0.11% and 0.51% of the total revenue of Greenland.

The following table sets forth disaggregation of revenue:

Major Product	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Transmission boxes for Forklift	19,806,162	14,998,460	66,199,525	39,359,886
Transmission boxes for Non-Forklift (EV, etc.) and parts of transmission boxes	3,278,631	1,522,138	9,700,469	3,609,124
<b>Total</b>	<b>23,084,793</b>	<b>16,520,598</b>	<b>75,899,994</b>	<b>42,969,010</b>

**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 \$1,372,215 and \$564,204 for the three months ended September 30, 2021 and 2020, respectively. Research and development costs are expensed as incurred and totaled approximately \$3,337,056 and \$1,604,151 for the nine months ended September 30, 2021 and 2020, respectively.

**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 \$2.18 million and \$2.34 million at September 30, 2021 and December 31, 2020, 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 September 30, 2021 and December 31, 2020, 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) General Reserve Fund, (ii) Enterprise Expansion Fund and (iii) 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 aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends.

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **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) consists in accordance with ASC Topic 220, “Comprehensive Income”.

##### **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 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. On October 24, 2019, the Company completed a reverse merger with Greenland Acquisition Corporation whereby the Company received 7,500,000 shares in exchange for all the share capital, which is reflected retroactively to December 31, 2017 and will be utilized for calculating earnings per share in all prior periods. The per share amounts have been updated to show the effect of the exchange on earnings per share as if the exchange occurred at the beginning of both years for the annual financial statements of the Company. The impact of the stock exchange is also shown on the Company’s Statements of Shareholders’ Equity.

Pursuant to the Service Agreement entered into and by the Company and Chineseinvestors.com, Inc., an Indiana corporation (“CIIX”) on August 21, 2019 (the “Service Agreement”), CIIX were to provide certain investor relations services to the Company for a period of three months beginning on August 21, 2019. On February 24, 2020, the Company and CIIX entered into a termination agreement (the “CIIX Termination Agreement”) to terminate their respective obligations under the Service Agreement. Pursuant to the CIIX Termination Agreement, the Company agreed to issue 5,000 restricted ordinary shares, no par value (the “CIIX Termination Shares”) to CIIX.

Pursuant to the Investor Relations Consulting Agreement entered into and by the Company and Skyline Corporate Communication Group, LLC, a Massachusetts limited liability Company (“SCCG”) on August 15, 2019 (the “Consulting Agreement”), SCCG were to provide certain investor relations services to the Company for a period of twelve months beginning on August 15, 2019. On February 25, 2020, the Company and SCCG entered into a termination agreement (the “SCCG Termination Agreement”) to terminate their respective obligations under the Consulting Agreement. Pursuant to the SCCG Termination Agreement, the Company agreed to issue 10,000 restricted ordinary shares, no par value (the “SCCG Termination Shares”) to SCCG.

Pursuant to the CIIX Termination Agreement and the SCCG Termination Agreement, 5,000 and 10,000 restricted ordinary shares, no par value, were issued to CIIX and SCCG on March 12, 2020 and March 13, 2020, respectively.

##### **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 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.

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **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 September 30, 2021 and December 31, 2020. 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 September 30, 2021 and December 31, 2020.

##### **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 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; and f) other parties that have ability to significant influence the management or operating policies of the entity. The Company discloses all significant related party transactions.

##### **Economic and Political Risks**

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.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. All of the Company's cash is maintained with state-owned banks within the PRC, and none of these deposits are covered by insurance. The Company has not experienced any losses in such accounts. A portion of the Company's sales are credit sales which are primarily to customers whose abilities to pay are dependent upon the industry economics prevailing in these areas; however, concentrations of credit risk with respect to trade accounts receivables is limited due to generally short payment terms. The Company also performs ongoing credit evaluations of its customers to help further reduce credit risk

##### **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 rates, record higher or lower profit depending on exchange rate of PRC Renminbi (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.

**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, "Measurement of Credit Losses on Financial Instruments", to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments, in April 2019. To clarify that receivables arising from operating leases are within the scope of lease accounting standards. In October 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842), which defers the effective date for public filers that are considered small reporting companies as defined by the Securities and Exchange Commission to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Since the Company is a smaller reporting company, implementation is not needed until January 1, 2023. Adoption of the standard requires using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date to align existing credit loss methodology with the new standard. The Company is evaluating the impact of this standard on its consolidated financial statements, including accounting policies, processes, and systems, and expects the standard will have a minor impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04 (Topic 350) Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment, which removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under the amended guidance, a goodwill impairment charge will now be recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. As amended by ASU 2019-10, this ASU will be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted for any impairment tests performed after January 1, 2017. The Company is evaluating the impact of the application of this standard and does not expect that the adoption of the ASU 2017-04 will have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement, which eliminates, adds, and modifies certain disclosure requirements for fair value measurements under ASC 820. This ASU is to be applied on a prospective basis for certain modified or new disclosure requirements, and all other amendments in the standard are to be applied on a retrospective basis. The new standard is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company adopted Topic 820 on January 1, 2020. The adoption of the ASU 2018-13 did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes" (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). ASU 2019-12 will simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company does not expect that the requirements of ASU 2019-12 will have a material impact on its consolidated financial statements.

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – CONCENTRATION ON REVENUES AND COST OF GOODS SOLD**

Concentration of major customers and suppliers:

	<b>For the nine months ended September 30,</b>			
	<b>2021</b>		<b>2020</b>	
Major customers representing more than 10% of the Company's revenues				
Company A	\$ 12,790,991	16.85%	\$ 9,366,809	21.80%
Company B	10,150,263	13.37%	-	-
<b>Total Revenues</b>	<b>\$ 22,941,254</b>	<b>30.23%</b>	<b>\$ 9,366,809</b>	<b>21.80%</b>

  

	<b>As of</b>			
	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
Major customers of the Company's accounts receivable				
Company A	2,222,550	10.42%	1,648,391	10.50%
Company B	1,949,415	9.14%	1,278,818	8.15%
Company C	1,759,913	8.26%	1,267,731	8.08%
<b>Total</b>	<b>\$ 5,931,878</b>	<b>27.82%</b>	<b>\$ 4,194,940</b>	<b>26.73%</b>

Accounts receivable from the Company's major customers accounted for 27.82% and 26.73% of total accounts receivable balances as of September 30, 2021 and December 31, 2020, respectively.

There were no suppliers representing more than 10% of the Company's total purchases for the nine months ended September 30, 2021 and 2020, respectively.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable is net of allowance for doubtful accounts.

	<b>As of</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Accounts receivable	\$ 22,320,108	\$ 13,395,080
Less: allowance for doubtful accounts	(999,026)	(986,532)
<b>Accounts receivable, net</b>	<b>\$ 21,321,082</b>	<b>\$ 12,408,548</b>

Changes in the allowance for doubtful accounts are as follows:

	<b>For the three months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 986,532	\$ 1,037,797
Provision for doubtful accounts	-	114,108
Effect of FX change	12,494	31,865
<b>Ending balance</b>	<b>\$ 999,026</b>	<b>\$ 1,183,770</b>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 – INVENTORIES**

	As of	
	September 30, 2021	December 31, 2020
Raw materials	\$ 8,080,765	\$ 5,682,382
Revolving material	961,068	742,437
Consigned processing material	42,325	51,290
Work-in-progress	2,446,920	2,015,677
Finished goods	9,077,878	6,888,277
<b>Inventories, net</b>	<b>\$ 20,608,956</b>	<b>\$ 15,380,063</b>

**NOTE 6 – NOTES RECEIVABLE**

	As of	
	September 30, 2021	December 31, 2020
Bank notes receivable:	\$ 37,012,830	\$ 30,803,772
Commercial notes receivable	15,520	-
<b>Total</b>	<b>\$ 37,028,350</b>	<b>\$ 30,803,772</b>

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 issuer at maturity, which bears no interest and generally ranges from three to nine months from the date of issuance. As of September 30, 2021, the Company pledged notes receivable for an aggregate amount of \$26.51 million to Bank of Communications and Bank of Hangzhou as a means of security for issuance of bank acceptance notes for an aggregate amount of \$28.34 million. As of December 31, 2020, the Company pledged notes receivable for an aggregate amount of \$26.53 million to Bank of Communications as a means of security for issuance of bank acceptance notes for an aggregate amount of \$23.70 million. The Company expects collection of notes receivable within 6 months.

**NOTE 7 – PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS**

(a) At September 30, 2021 and December 31, 2020, property, plant and equipment consisted of the following:

	As of	
	September 30, 2021	December 31, 2020
Buildings	\$ 12,611,670	\$ 12,453,285
Machinery	21,633,746	20,907,623
Motor vehicles	329,977	325,850
Electronic equipment	203,294	198,955
<b>Total property plant and equipment, at cost</b>	<b>34,778,687</b>	<b>33,885,713</b>
Less: accumulated depreciation	(15,879,577)	(13,843,189)
<b>Property, plant and equipment, net</b>	<b>\$ 18,899,110</b>	<b>\$ 20,042,524</b>
Construction in process	414,557	92,815
<b>Total</b>	<b>\$ 19,313,667</b>	<b>\$ 20,135,339</b>

For the nine months ended September 30, 2021 and 2020, depreciation expense amounted to \$1.80 million and \$1.69 million, respectively, of which \$1.15 million and \$1.25 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 etc.

For the nine months ended September 30, 2021 and 2020, \$0 and \$430,581 of construction in progress were converted into fixed assets.



**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 – PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS (CONTINUED)**

Restricted assets consist of the following:

	As of	
	September 30, 2021	December 31, 2020
Buildings, net	\$ 11,190,588	\$ 11,050,641
Machinery, net	2,177,515	2,150,284
<b>Total</b>	<b>13,368,103</b>	<b>13,200,925</b>

As of September 30, 2021, the Company pledged its ownership of buildings for net book value of RMB72.11 million (\$11.19 million) as security with ABC Xinchang and Rural commercial bank, for its loan facility with maximum exposure of RMB94.63 million.

As of December 31, 2020, the Company pledged its ownership of buildings for net book value of RMB72.11 million (\$11.05 million) as security with ABC Xinchang and Rural commercial bank, for its loan facility with maximum exposure of RMB104.63 million.

On January 3, 2019, the Company sold a set of manufacturing equipment to third parties for aggregate proceeds of \$3.08 million (RMB21.25 million) and the Company entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 3 years. On May 12, 2020, the Company prepaid the financing lease obligations for aggregate payment of \$1.34 million.

On April 26, 2019, the Company sold various equipment including the general assembly line and the differential assembly line to third parties for aggregate proceeds of \$2.12 million (RMB14.66 million) and the Company entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 2 years. On April 30, 2020, the Company prepaid the financing lease obligations for aggregate payment of \$0.94 million.

On May 27, 2020, the Company sold various equipment including the general assembly line and the differential assembly line to third parties for aggregate proceeds of \$1.42 million (RMB10.00 million) and the Company entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 2 years.

The Company determined that it did not relinquish control of the assets to the buyer-lessor. Therefore, the Company accounted for the transactions as failed sale-leaseback whereby the Company continues to depreciate the assets and recorded a financing obligation for the consideration received from the buyer-lessor.

**NOTE 8 – LAND USE RIGHTS**

Land use rights consisted of the following:

	As of	
	September 30, 2021	December 31, 2020
Land use rights, cost	\$ 4,774,902	\$ 4,715,188
Less: Accumulated amortization	(760,168)	(679,934)
<b>Land use rights, net</b>	<b>\$ 4,014,734</b>	<b>\$ 4,035,254</b>

As of September 30, 2021, there was land use rights with net book value of \$4.01 million, which approximately were used as collateral for the Company's short-term bank loans. As of December 31, 2020, there was land use rights with net book value of \$4.04 million, which approximately were used as collateral for the Company's short-term bank loans.

Estimated future amortization expense is as follows as of September 30, 2021:

Years ending September 30,	Amortization expense
2022	\$ 95,207
2023	95,207
2024	95,207
2025	95,207
2026	95,207
Thereafter	3,538,699
<b>Total</b>	<b>\$ 4,014,734</b>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 – NOTES PAYABLE**

	As of	
	September 30, 2021	December 31, 2020
Bank acceptance notes	\$ 42,626,471	\$ 25,889,067
<b>Total</b>	<b>\$ 42,626,471</b>	<b>\$ 25,889,067</b>

The interest-free notes payable, ranging from nine months to one year from the date of issuance, were secured by \$6.64 million and \$2.24 million restricted cash, \$26.51 million and \$26.53 million notes receivable, and \$4.01 million and \$4.04 million land use rights, as of September 30, 2021 and December 31, 2020, 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 10 – ACCOUNTS PAYABLE**

Accounts payable are summarized as follow:

	As of	
	September 30, 2021	December 31, 2020
Procurement of Materials	\$ 27,225,219	\$ 21,140,063
Infrastructure & Equipment	945,620	717,053
Freight fee	117,322	148,144
<b>Total</b>	<b>\$ 28,288,161</b>	<b>\$ 22,005,260</b>

**NOTE 11 – SHORT TERM BANK LOANS**

Short-term loans are summarized as follow:

	As of	
	September 30, 2021	December 31, 2020
Collateralized bank loans	\$ 7,888,692	\$ 17,261,302
Guaranteed bank loans	775,988	1,226,054
<b>Total</b>	<b>\$ 8,664,680</b>	<b>\$ 18,487,356</b>

Short-term loans as of September 30, 2021 are as follow:

<u>Maturity Date</u>	<u>Type</u>	<u>Bank Name</u>	<u>Interest Rate per Annum (%)</u>	<u>September 30, 2021</u>
Aug.23, 2022	Operating Loans	Agricultural bank of PRC	4.57	\$ 2,922,369
Aug.18, 2022	Operating Loans	Rural commercial bank of Xinchang	4.35	\$ 1,241,581
Aug.18, 2022	Operating Loans	Rural commercial bank of Xinchang	5.30	\$ 1,086,383
Sep.01, 2022	Operating Loans	Rural commercial bank of Xinchang	4.35	\$ 2,638,359
Jan.21, 2022	Operating Loans	Rural commercial bank of Xinchang	5.30	\$ 775,988
<b>Total</b>				<b>\$ 8,664,680</b>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 11 – SHORT TERM BANK LOANS (CONTINUED)**

Short-term loans as of December 31, 2020 are as follow:

<b>Maturity Date</b>	<b>Type</b>	<b>Bank Name</b>	<b>Interest Rate per Annum (%)</b>	<b>December 31, 2020</b>
Sep.01, 2021	Operating Loans	Agricultural Bank of PRC	4.44	\$ 5,950,958
Sep.06, 2021	Operating Loans	Agricultural Bank of PRC	4.44	\$ 6,252,874
Sep.16, 2021	Operating Loans	Rural Commercial Bank of Xinchang	5.30	\$ 1,226,053
Sep.22, 2021	Operating Loans	Rural Commercial Bank of Xinchang	4.35	\$ 1,226,053
Sep.26, 2021	Operating Loans	Rural Commercial Bank of Xinchang	4.35	\$ 2,605,364
Nov.11, 2021	Operating Loans	SPD Rural Bank of Xinchang	5.50	1,226,054
<b>Total</b>				<b>\$ 18,487,356</b>

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

The average annual interest rate of the short-term bank loans was 4.6275% and 4.7467% for the nine months ended September 30, 2021 and 2020, respectively. The Company was in compliance with its loan financial covenants at September 30, 2021 and December 31, 2020, respectively.

**NOTE 12 – OTHER CURRENT LIABILITIES**

Other current liabilities are summarized as follow:

	<b>As of</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Employee payables	114,637	483,922
Other tax payables	1,117,185	1,208,323
Borrowing from third party	258,559	520,080
<b>Total</b>	<b>\$ 1,490,381</b>	<b>\$ 2,212,325</b>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13 – OTHER LONG-TERM LIABILITIES**

Other long-term liabilities are summarized as follow:

	As of	
	September 30, 2021	December 31, 2020
Subsidy	2,183,427	2,342,648
<b>Total</b>	<b>\$ 2,183,427</b>	<b>\$ 2,342,648</b>

The 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 September 30, 2021, grant income decreased by \$0.16 million, as compared to December 31, 2020. The change was mainly due to timing of incurring qualifying expenses.

**Note 14 – LEASES**

The Company leases most of its corporate offices under operating leases, with initial terms of 3 years. 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 restriction 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 cash flow information related to leases for the three months ended September 30, 2021 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows paid for operating leases	\$ 17,970
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	-

Supplemental balance sheet information related to leases as of September 30, 2021 is as follows:

**Operating leases:**

Operating lease right-of-use assets	\$ 88,783
Current portion of operating lease liabilities	\$ 32,806
Long-term operating lease liabilities	56,128
Total operating lease liabilities	\$ 88,934

The following table summarizes the maturity of lease liabilities under operating leases as of September 30, 2021:

<b>For the year ending September 30,</b>	<b>Operating Leases</b>
2022	36,518
2023	36,840
2024	24,682
Total lease payments	98,040

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 15 – LONG TERM PAYABLES**

	<i>As of</i>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Long-term payables current portion	\$ 390,293	\$ 797,179
Long-term payables– non-current portion	-	166,292
<b>Total</b>	<b>\$ 390,293</b>	<b>\$ 963,471</b>

On January 3, 2019, the Company sold a set of manufacturing equipment to third parties for aggregate proceeds of \$3.08 million (RMB21.25 million) and the Company entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 3 years. On May 12, 2020, the Company prepaid the financing lease obligations for aggregate payment of \$1.34 million.

On April 26, 2019, the Company sold various equipment including the general assembly line and the differential assembly line to third parties for aggregate proceeds of \$2.12 million (RMB14.66 million) and the Company entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 2 years. On April 30, 2020, the Company prepaid the financing lease obligations for aggregate payment of \$0.94 million.

On May 27, 2020, the Company sold various equipment including its general assembly line and the differential assembly line to third parties for aggregate proceeds of \$1.42 million (RMB10.00 million). The Company also entered into lease agreements under which the Company agreed to lease back each of the properties for an initial term of 2 years.

The Company determined that it did not relinquish control of the assets to the buyer-lessor. Therefore, the sale of the equipment does not qualify for sale-leaseback accounting. As a result, the aggregate proceeds have been recorded as a financing obligation and the assets related to the sold and leased manufacturing equipment remain on the Company's Consolidated Balance Sheet and continue to be depreciated. The current and long-term portions of the financing obligation are included within long-term payables-current portion and long-term payables-non-current portion, respectively.

**NOTE 16 – STOCKHOLDER'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 September 30, 2021 and December 31, 2020, 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 September 30, 2021 and December 31, 2020, there were 11,371,171 and 10,225,142 ordinary shares issued and outstanding.

On July 27, 2018, the Company consummated its 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 consists 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 its initial business combination.

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 16 – STOCKHOLDER’S EQUITY (CONTINUED)

Simultaneously with the consummation of its initial public offering, the Company completed a private placement of 282,000 units, issued to Greenland Asset Management Corporation (the “Sponsor”) and Chardan Capital Markets, LLC (“Chardan”).

In 2019, in connection with the Business Combination 3,875,458 shares have been redeemed and 81,400 shares have been converted into ordinary shares, 1,906,542 ordinary shares were left outstanding upon consummation of the reverse recapitalization.

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 be issued to the Seller (the “Exchange Shares”). As a result, the Seller became the 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. The recapitalization of the number of ordinary shares attributable to the purchase of Zhongchai Holding in connection with the Business Combination is reflected retroactively to December 31, 2017 and will be utilized for calculating earnings per share in all prior periods presented. The impact of the stock exchange is also shown on the Company’s Statements of Stockholders’ Equity.

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

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 underlying ordinary shares.

Pursuant to the Service Agreement entered into and by the Company and Chineseinvestors.com, Inc., an Indiana corporation (“CIIX”) on August 21, 2019 (the “Service Agreement”), CIIX were to provide certain investor relations services to the Company for a period of three months beginning on August 21, 2019. Pursuant to the Service Agreement, the Company were to pay CIIX fees consisting of three equal monthly instalments of \$12,000 and 5,000 restricted ordinary shares, no par value, of the Company on a quarterly basis during the term of the Consulting Agreement. On February 24, 2020, Greenland and CIIX entered into a termination agreement (the “CIIX Termination Agreement”) to terminate their respective obligations under the Service Agreement. Pursuant to the CIIX Termination Agreement, the Company agreed to issue 5,000 restricted ordinary shares, no par value (the “CIIX Termination Shares”) to CIIX. Upon CIIX’s receipt of the CIIX Termination Shares, the Company will have fully satisfied its payment obligations under the Service Agreement.

Pursuant to the Investor Relations Consulting Agreement entered into and by the Company and Skyline Corporate Communication Group, LLC, a Massachusetts limited liability Company (“SCCG”) on August 15, 2019 (the “Consulting Agreement”), SCCG were to provide certain investor relations services to the Company for a period of twelve months beginning on August 15, 2019. Pursuant to the Consulting Agreement, the Company were to pay SCCG fees consisting of \$5,000 per month and 1,250 restricted ordinary shares, no par value, of the Company on a quarterly basis during the term of the Consulting Agreement. On February 25, 2020, Greenland and SCCG entered into a termination agreement (the “SCCG Termination Agreement”) to terminate their respective obligations under the Consulting Agreement. Pursuant to the SCCG Termination Agreement, the Company agreed to issue 10,000 restricted ordinary shares, no par value (the “SCCG Termination Shares”) to SCCG. Upon SCCG’s receipt of the SCCG Termination Shares, the Company will have fully satisfied its payment obligations under the Consulting Agreement.

On November 10, 2020, the Company granted a total of 135,000 restricted ordinary shares to JING JIN.

On December 30, 2020, the Company granted a total of 69,000 restricted ordinary shares to RAYMOND Z. WANG.

On February 8, 2021, the Company granted a total of 51,000 restricted ordinary shares to RAYMOND Z. WANG.

On June 30, 2021, the Company closed a firm commitment offering of 857,844 ordinary shares at \$8.16 per share with gross proceeds of \$7,000,007 under its effective shelf registration statement.

## GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 16 – STOCKHOLDER’S EQUITY (CONTINUED)

**Rights** — Each holder of a right was entitled to receive one-tenth (1/10) of one ordinary share upon consummation of a Business Combination.

As of September 30, 2021, all of the existing Rights were converted into 468,200 ordinary shares as a result of the Business Combination.

**Warrants** — The Company’s outstanding warrants held by CEDE & CO (“Public Warrants”) may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. 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, the holders may, 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. 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 the Business Combination or earlier upon redemption or liquidation.

The Company may call the warrants for redemption (excluding the private warrants), 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.

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 the Sponsor and 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.

As of September 30, 2021, there were total 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 Capital Markets, LLC 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 later of July 24, 2019 and the consummation of a Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder’s option, and expires 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 September 30, 2021, there was a unit purchase option outstanding to purchase 120,000 units.

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 17 – 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 common 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. On October 24, 2019, the Company completed a reverse merger with Zhongchai Holding. The recapitalization of the number of ordinary shares attributable to the purchase of Zhongchai Holding in connection with the Business Combination is reflected retroactively to December 31, 2017 and will be utilized for calculating earnings per share in all prior periods presented. Pursuant to the CIIX Termination Agreement and the SCCG Termination Agreement, 5,000 and 10,000 restricted ordinary shares, no par value, were issued to CIIX and SCCG on March 12, 2020 and March 13, 2020 respectively.

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

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net income attributable to the Greenland Technologies Holding Corporation and subsidiaries	\$ 528,348	\$ 207,933	\$ 5,437,669	\$ 1,723,694
Weighted average basic and diluted computation shares outstanding:				
Shares issued in reverse recapitalization	11,371,171	10,006,142	10,225,142	10,006,142
Weighted average shares of restricted grants	-	15,000	-	15,000
Weighted average shares issued for exercise of warrants	-	-	1,146,029	-
<b>Weighted average ordinary shares</b>	<b>11,371,171</b>	<b>10,021,142</b>	<b>10,749,425</b>	<b>10,017,204</b>
Dilutive effect of stock options	-	-	-	-
Restricted stock vested not issued	-	-	-	-
<b>Ordinary shares and ordinary shares equivalents</b>	<b>11,371,171</b>	<b>10,021,142</b>	<b>10,749,425</b>	<b>10,017,204</b>
Basic and diluted net income per share	\$ 0.05	\$ 0.02	0.51	0.17



**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 18 – 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 and nine months ended September 30, 2021 and 2020 are as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Domestic Sales	\$ 22,902,711	\$ 16,426,209	\$ 75,510,611	\$ 42,800,357
International Sales	182,082	94,389	389,383	168,653
<b>Total</b>	<b>\$ 23,084,793</b>	<b>\$ 16,520,598</b>	<b>\$ 75,899,994</b>	<b>\$ 42,969,010</b>

**NOTE 19 – 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 nine months ended September 30, 2021 was 21.22%. The effective tax rate for the nine months ended September 30, 2021 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 nine months ended September 30, 2020 was 17.87%. The effective tax rate for the nine months ended September 30, 2020 was lower than the PRC tax rate of 25.0% primarily due to the China Super R&D deduction. The effective tax rate is based on forecasted annual results and these amounts may fluctuate significantly through the rest of the year as a result of the unpredictable impact of COVID-19 on its operating activities.

The Company has recorded \$0 unrecognized benefit as of September 30, 2021. On the information currently available, the Company does not anticipate a significant increase or decrease to its unrecognized benefit within the next 12 months.

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 20 – COMMITMENTS AND CONTINGENCIES**

Guarantees and pledged collateral for bank loans to other parties:

(1) Pledged collateral for bank loans

On December 6, 2019, Zhejiang Zhongchai signed a maximum amount pledge contract with Agricultural Bank of PRC Co., Ltd. Xinchang County Sub-Branch (“ABC Xinchang”), pledging its land use rights for original book value of RMB11.08 million and property ownership for original book value of RMB35.12 million as security with ABC Xinchang, for its loan facility with maximum exposure of RMB48.83 million during the period from December 6, 2019 to May 21, 2022. As of September 30, 2021 and December 31, 2020, outstanding amount of the short-term bank loan under this pledge contract was RMB18.83 million and RMB38.83 million, respectively.

On November 28, 2019, Zhejiang Zhongchai signed a maximum amount pledge contract with ABC Xinchang, pledging its land use rights for original book value of RMB9.84 million and property ownership for original book value of RMB27.82 million, as security with ABC Xinchang, for its loan facility with maximum exposure of RMB40.80 million during the period from November 28, 2019 to December 26, 2022. As of September 30, 2021 and December 31, 2020, outstanding amount of the short-term bank loan under this pledge contract was RMB0 million and RMB40.80 million, respectively.

On December 17, 2019, Zhejiang Zhongchai signed a maximum amount pledge contract with Rural Commercial Bank of PRC Co., Ltd., pledging its land use rights for original book value of RMB4.75 million and property ownership for original book value of RMB11.28 million as security, for its loan facility with maximum exposure of RMB16.95 million during the period from December 16, 2019 to December 15, 2024. As of September 30, 2021 and December 31, 2020, outstanding amount of the short-term bank loan under this pledge contract was RMB17.00 million and RMB17.00 million, respectively.

On December 18, 2019, Zhejiang Zhongchai signed a maximum amount pledge contract with Rural Commercial Bank of PRC Co., Ltd., pledging its land use rights for original book value of RMB4.17 million as security, for its loan facility with maximum exposure of RMB8.00 million during the period from December 16, 2019 to December 15, 2024. As of September 30, 2021 and December 31, 2020, outstanding amount of the short-term bank loan under this Pledge Contract was RMB8.00 million and RMB8.00 million, respectively.

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 20 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

(2) Litigation

On September 19, 2019, a purported class action challenging the Business Combination was filed in the United States District Court for the District of Delaware (the “District Court”), captioned Wheby v. Greenland Acquisition Corporation, et al., Case No. 19-1758-MN (D. Del.) (the “Action”). The Action alleged certain violations of the Securities Exchange Act of 1934, as amended, and sought, among other things, to enjoin the Business Combination from closing (or, if consummated, to rescind the Business Combination or award rescissory damages), to require the Company to issue a separate proxy statement, and to receive an award of attorneys’ fees and costs.

On October 14, 2019, the plaintiff, the Company and all other named defendants entered into a confidential memorandum of understanding (the “MOU”), pursuant to which a Stipulation and Order of Dismissal (“Stipulation of Dismissal”) of the Action was filed on October 14, 2019. The Stipulation of Dismissal was approved and entered by the District Court on October 15, 2019. Among other things, the Stipulation of Dismissal acknowledged that the Definitive Proxy Statement on Schedule 14A, filed with the Commission on December 1, 2020 mooted the plaintiff’s claims regarding the sufficiency of disclosures, dismissed all claims asserted in the Action, with prejudice as to the plaintiff only, permits the plaintiff to seek an award of attorneys’ fees in connection with the mooted claims, and reserves the defendants’ rights to oppose such an award, if appropriate. Pursuant to the MOU, the parties have engaged in discussions regarding the amount of attorneys’ fees, if any, to which the plaintiff’s counsel is entitled in connection with the Action. As of January 25, 2021, we have been settled with our counter party which paid into in total \$65,000. As of September 30, 2021, those discussions have been completed.

**Facility Leases**

The Company entered into a failed sale-leaseback transaction on January 3, 2019 and April 26, 2019. See further discussion in NOTE 15 –LONG TERM PAYABLES.

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 September 30, 2021:

<b>Years ending September 30,</b>	<b>Amount</b>
2022	390,293
<b>Total</b>	<b>\$ 390,293</b>

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 21 – RELATED PARTY TRANSACTIONS**

**(a) Names and Relationship of Related Parties:**

	<u>Existing Relationship with the Company</u>
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
Zhejiang Zhonggong Agricultural Equipment Co., Ltd.	Under common control of Peter Zuguang Wang
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 Company
Greenland Asset Management Corporation	Shareholder of the Company
Hangzhou Jiuru Economic Information Consulting Co. Ltd	One of the directors of Hengyu

**(b) Summary of Balances with Related Parties:**

	<u>As of</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Due to related parties:</b>		
Sinomachinery Holding Limited <sup>1</sup>	\$ 1,775,869	\$ 1,775,869
Zhejiang Kangchen Biotechnology Co., Ltd <sup>2</sup>	-	64,505
Zhejiang Zhonggong Machinery Co., Ltd. <sup>3</sup>	482,903	538,166
Zhejiang Zhonggong Agricultural Equipment Co., Ltd. <sup>4</sup>	-	-
Cenntro Smart Manufacturing Tech. Co., Ltd. <sup>5</sup>	2,871	3,602
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership) <sup>6</sup>	94,442	514,365
Cenntro Holding Limited <sup>7</sup>	1,341,627	1,591,627
Peter Zuguang Wang <sup>7</sup>	-	25,000
Greenland Asset Management Corporation <sup>7</sup>	-	-
Xinchang County Jiuxin Investment Management Partnership (LP) <sup>7</sup>	3,627,060	4,347,985
Hangzhou Jiuru Economic Information Consulting Co. Ltd <sup>7</sup>	190,000	190,000
<b>Total</b>	<b>\$ 7,514,772</b>	<b>\$ 9,051,119</b>

The balance of due to related parties as of September 30, 2021 and December 31, 2020 consisted of:

- 1 Advance from Sinomachinery Holding Limited for certain purchase order;
- 2 Temporary borrowings from Zhejiang Kangchen Biotechnology Co., Ltd.;
- 3 Unpaid balances for purchasing of materials and equipment and temporary borrowing from Zhejiang Zhonggong Machinery Co., Ltd.;
- 4 Unpaid balances for purchasing of materials from Zhejiang Zhonggong Agricultural Equipment Co., Ltd.;
- 5 Prepayment from Cenntro Smart Manufacturing Tech. Co., Ltd.;
- 6 Temporary borrowings from Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership); and
- 7 Borrowings from related parties

**GREENLAND TECHNOLOGIES HOLDING CORPORATION AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 21 – RELATED PARTY TRANSACTIONS (CONTINUED)**

	As of	
	September 30, 2021	December 31, 2020
<b>Due from related parties-current:</b>		
Cenntro Holding Limited	\$ 39,023,185	\$ 38,535,171
Cenntro Smart Manufacturing Tech. Co., Ltd.	3,104	-
<b>Total</b>	<b>\$ 39,026,289</b>	<b>\$ 38,535,171</b>

The balance of due from related parties as of September 30, 2021 and December 31, 2020 consisted of:

Other receivable from Cenntro Holding Limited was \$39.0 million and \$38.5 million as of September 30, 2021 and December 31, 2020, respectively.

The Company expects the amount due from its equity holder, Cenntro Holding will be paid back on April 27, 2022, as the Company and Cenntro Holding Limited mutually agreed to an extension of repayment from the end of October 2020, the original maturity date.

**(c) Summary of Related Party Funds Lending:**

A summary of funds lending with related parties for the nine months ended September 30, 2021 and 2020 are listed below:

	For the nine months ended September 30,	
	2021	2020
<b>Withdraw funds from related parties:</b>		
Zhejiang Zhonggong Machinery Co., Ltd.	77,362	502,111
Cenntro Smart Manufacturing Tech. Co., Ltd.	29,553	-
Peter Zuguang Wang	25,000	25,000
Greenland Asset Management Corporation		70,000
Xinchang County Jiuxin Investment Management Partnership (LP)	-	257,566
Cenntro Holding Limited	251,973	151,973
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership)	34,968	11,787
<b>Total</b>	<b>418,856</b>	<b>1,018,437</b>
<b>Deposit funds with related parties:</b>		
Zhejiang Zhonggong Machinery Co., Ltd.	139,252	500,823
Xinchang County Jiuxin Investment Management Partnership (LP)	773,623	-
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership)	458,913	-
Cenntro Smart Manufacturing Tech. Co., Ltd.	36,515	-
Zhejiang Kangchen Biotechnology Co., Ltd	64,505	-
Greenland Asset Management Corporation		20,000
Cenntro Holding Limited	250,000	-
Peter Zuguang Wang	25,000	-
<b>Total</b>	<b>1,747,808</b>	<b>520,823</b>

**NOTE 22 – SUBSEQUENT EVENTS**

The management has evaluated subsequent events through the date of the report, and there was no material subsequent event requiring adjustments to the financial statements or disclosure.

## 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 Report, and should be read in conjunction with such financial statements and related notes included in this Report. 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, 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 Report.*

### Overview

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

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 consists 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, 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 “Sponsor”) and Chardan Capital Markets, LLC, generated \$2,820,000 in gross proceeds.

On October 24, 2019, we consummated our business combination with Zhongchai Holding (the “Business Combination”) following a special meeting, where the shareholders of Greenland considered and approved, among other matters, a proposal to adopt and entered into the Share Exchange Agreement (as defined below) that allowed Greenland to acquire from the Seller (as defined below) 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 the Seller. As a result, the Seller became the 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, Greenland Technologies Corp. was incorporated under the laws of the State of Delaware ("Greenland Tech"). Greenland Tech is a 100% owned subsidiary of the registrant. We use it as our U.S. operation site for the assembly, marketing and sales of electric industrial vehicles for the North American market.

Greenland serves as the parent company for the primary operating company, Zhongchai Holding (Hong Kong) Limited, a holding company formed under the laws of Hong Kong on April 23, 2009 ("Zhongchai Holding"). Through Zhongchai Holding and other subsidiaries, Greenland develops and manufactures traditional transmission products for material handling machineries in the People's Republic of China (the "PRC"), as well as develops electric industrial vehicles, which are expected to be produced in the near future.

Greenland, through its subsidiaries, is:

- a leading developer and manufacturer of transmission products for material handling machineries in China; and
- a developer of electric industrial vehicles.

Greenland's transmission products 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 logistics for many enterprises across different industries in the PRC and around the globe. Generally, industries with the largest demand for forklifts are transportation, warehousing logistics, electrical machinery, and automobile.

Greenland has experienced increased demand for forklifts in the manufacturing industry in the PRC, as its revenue increased from approximately \$42.97 million for the nine months ended September 30, 2020 to approximately \$75.90 million for the nine months ended September 30, 2021. Since late March 2020, the Company's business operations have gradually recovered from the negative impacts due to the lockdown as a result of the COVID-19 pandemic, and part of the Company's backlogged orders were processed during the nine months ended September 30, 2021, which contributed to an increase in its revenues for the nine months ended September 30, 2021.

Greenland's transmission products are adopted by forklift trucks with weighted capacity ranging from 1 ton to 15 tons. These forklift trucks use either mechanical or automatic shift. Greenland sells its transmission products directly to forklift truck manufacturers. For the nine months ended September 30, 2021 and 2020, Greenland sold 110,082 and 71,749 sets of transmission products, respectively, to more than 100 forklift manufacturers in aggregate in PRC.

In December 2020, Greenland launched a new division that focuses on the production and sale of electric industrial vehicles; a market that Greenland intends to develop to diversify its product offerings. Greenland's teams have completed the first batch of GEF-series electric forklifts, a lithium powered forklift with three models ranging in size from 1.8 ton to 3.5 tons, and began commercial sales of these electric forklifts in the United States market in November 2021. In addition, Greenland has completed construction of the initial GEL-1800, a 1.8 ton rated load lithium powered electric wheeled front loader, which is expected to become available for sale beginning in November 2021. These vehicles will be followed by Greenland's GEX-8000, an all-electric 8.0 ton rated load lithium powered wheeled excavator, whose production has completed and is scheduled for arrival in the United States in January 2022. Greenland plans to establish assembly sites and experience centers in the United States in 2022 to support local sales, assembly and distribution.

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

The COVID-19 pandemic has severely affected China and the rest of the world. In an effort to contain the spread of the COVID-19 pandemic, China and many other countries have taken 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. These ongoing measures adversely affected our operations and financial performance in 2020.

Specifically, the COVID-19 pandemic adversely affected our revenue in the first half of 2020. For example, from February 3, 2020 to the end of February 2020, the Company closed all of its operating offices in Zhejiang Province, including manufactory, in response to the emergency measures imposed by local government. The pandemic also significantly limited suppliers' ability to provide low-cost, high-quality merchandise to the Company on a timely basis.

Since late March 2020, the Company's business operations have gradually recovered from the negative impacts due to the lockdown, and the Company's backlogged orders were mostly processed during the rest of fiscal year 2020 and also the first quarter of fiscal year 2021, which contributed to an increase in its revenues for the year ended December 31, 2020 and for the nine months ended September 30, 2021.

Starting from the fourth quarter of 2020, a few waves of COVID-19 infection emerged in various regions of China, and varying levels of restrictions have been reinstated. The extent to which the COVID-19 pandemic may affect our operations and financial performance in the future will depend on future developments, which are highly uncertain and cannot be predicted.

## Results of Operations

*For the three months ended September 30, 2021 and 2020*

Overview

	For the three months ended September 30			
	2021	2020	Change	Variance
<b>Revenues</b>	\$ 23,084,793	\$ 16,520,598	\$ 6,564,195	39.7%
<b>Cost of Goods Sold</b>	17,987,363	13,122,382	4,864,981	37.1%
<b>Gross Profit</b>	<b>5,097,430</b>	<b>3,398,216</b>	<b>1,699,214</b>	<b>50.0%</b>
Selling expenses	522,770	270,654	252,116	93.2%
General and administrative expenses	1,150,769	324,073	826,696	255.1%
Research and development expenses	1,372,215	564,204	808,011	143.2%
<b>Total Operating Expenses</b>	<b>3,045,754</b>	<b>1,158,931</b>	<b>1,886,823</b>	<b>162.8%</b>
<b>Income from operations</b>	<b>2,051,676</b>	<b>2,239,285</b>	<b>(187,609)</b>	<b>(8.4)%</b>
Interest income	4,737	66,960	(62,223)	(92.9)%
Interest expenses	(106,506)	(231,760)	125,254	(54.0)%
Other income	231,466	(1,267,982)	1,499,448	(118.3)%
<b>Income before income tax</b>	<b>2,181,373</b>	<b>806,503</b>	<b>1,374,870</b>	<b>170.5%</b>
<b>Income tax</b>	<b>927,844</b>	<b>346,502</b>	<b>581,342</b>	<b>167.8%</b>
<b>Net income</b>	<b>1,253,529</b>	<b>460,001</b>	<b>793,528</b>	<b>172.5%</b>



## Components of Results of Operations

Component of Results of Operations	For the three months ended September 30	
	2021	2020
Revenues	\$ 23,084,793	\$ 16,520,598
Cost of Goods Sold	17,987,363	13,122,382
Gross Profit	<b>5,097,430</b>	<b>3,398,216</b>
Operating Expenses	3,045,754	1,158,931
Net Income	<b>1,253,529</b>	<b>460,001</b>

### Revenue

Greenland's revenue was approximately \$23.08 million for the three months ended September 30, 2021, representing an increase of approximately \$6.56 million, or 39.7%, as compared to that of approximately \$16.52 million for the three months ended September 30, 2020. The increase was primarily due to a significant increase in our sales volume resulting from the continuously growing market demand and the ability to boost supplies while some competitors faced challenges in handling material shortage and were unable to deliver. On an RMB basis, revenue for the three months ended September 30, 2021 increased by approximately 30.8%, as compared to that for the three months ended September 30, 2020.

### 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 ("NRV") impairment test is also recorded in cost of goods sold. The total cost of goods sold was approximately \$17.99 million for the three months ended September 30, 2021, representing an increase by approximately \$4.87 million, or 37.1%, as compared to that of approximately \$13.12 million for the three months ended September 30, 2020. Cost of goods sold increased due to our increase in sales volume.

### Gross Profit

Greenland's gross profit was approximately \$5.10 million for the three months ended September 30, 2021, representing an increase by approximately \$1.70 million, or 50.0%, as compared to that of approximately \$3.40 million for the three months ended September 30, 2020. For the three months ended September 30, 2021 and 2020, Greenland's gross margins were approximately 22.1% and 20.6%, respectively. The increase was primarily due to a shift in the product mix towards higher value and more sophisticated products such as hydraulic transmission products.

### *Operating Expense*

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

#### *Selling Expense*

Selling expenses mainly comprise of operating expenses such as sales staff payroll, traveling expenses, and transportation expenses. Our selling expenses were approximately \$0.52 million for the three months ended September 30, 2021, representing an increase of approximately \$0.25 million, or 93.2%, as compared to approximately \$0.27 million for the three months ended September 30, 2020. The increase was mainly due to the increase in the unit price of transportation expenses.

#### *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 \$1.15 million for the three months ended September 30, 2021, representing an increase by approximately \$0.83 million, or 255.1%, as compared to that of approximately \$0.32 million for the three months ended September 30, 2020. The fundamental reasons for the rise in the general and administrative expenses were that the Company expanded its operations with increased legal fee and consultancy fee on business planning and projects in the three months ended September 30, 2021 compared to the same period in 2020.

#### *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 \$1.37 million for the three months ended September 30, 2021, representing an increase by approximately \$0.81 million, or 143.2%, as compared to that of approximately \$0.56 million for the three months ended September 30, 2020. Such increase was primarily attributable to the increase in the R&D investment in higher value and more sophisticated products and electrification products.

#### *Income from Operations*

Income from operations for the three months ended September 30, 2021 was approximately \$2.05 million, representing a decrease of approximately \$0.19 million, as compared to that of approximately \$2.24 million for the three months ended September 30, 2020.

#### *Interest Income and Interest Expenses*

Greenland's interest income was approximately \$0.01 million for the three months ended September 30, 2021, representing a decrease of approximately \$0.06 million, or 92.9%, as compared to that of approximately \$0.07 million for the three months ended September 30, 2020. The decrease in interest income was primarily due to the reason that less cash was deposited in banks during the three months ended September 30, 2021.

Greenland's interest expenses were approximately \$0.11 million for the three months ended September 30, 2021, representing a decrease of approximately \$0.12 million, or 54.0%, as compared to that of approximately \$0.23 million for the three months ended September 30, 2020. The decrease was primarily due to a reduction of our short-term loans for the three months ended September 30, 2021, compared to those for the three months ended September 30, 2020.

#### *Other Income*

Greenland's other income was approximately \$0.23 million for the three months ended September 30, 2021, an increase of approximately \$1.50 million, or 118.3%, as compared to approximately \$(1.27) million for the three months ended September 30, 2020. The increase was primarily due to a decrease in exchange loss from the devaluation of U.S. dollar over RMB for the three months ended September 30, 2021, compared to the three months ended September 30, 2020.

## Income Taxes

Greenland's income tax was approximately \$0.93 million for the three months ended September 30, 2021, as compared to that of approximately \$0.35 million for the three months ended September 30, 2020.

PRC operating subsidiary, Zhejiang Zhongchai, obtained a "high-tech enterprise" status near the end of the fiscal year of 2019. Such status enables Zhejiang Zhongchai to enjoy a reduced statutory income tax rate of 15%, rather than the common PRC corporate tax rate of 25%. 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 2022.

Greenland's other PRC subsidiaries are subject to different income tax rates. Hengyu, the 62.5% owned subsidiary of Zhongchai Holding, is subject to the 25% standard income tax rate. 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 payments of dividend to its shareholders, the Company will not be subject to any British Virgin Islands withholding tax.

On January 14, 2020, Greenland established its wholly owned subsidiary in the state of Delaware named Greenland Technologies Corporation ("Greenland Tech"). We aim to use it as its U.S. operation site for the assembly, marketing and sales of electric industrial vehicles for the North American market. Greenland Tech currently does not conduct any business activities. 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, 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 Greenland Tech was established in year 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 September 30, 2021.

## Net Income

Our net income was approximately \$1.25 million for the three months ended September 30, 2021, representing an increase of approximately \$0.79 million, as compared to that of approximately \$0.46 million for the three months ended September 30, 2020.

## For the nine months ended September 30, 2021 and 2020

### Overview

	For the nine months ended September 30			
	2021	2020	Change	Variance
<b>Revenues</b>	\$ 75,899,994	\$ 42,969,010	\$ 32,930,984	76.6%
<b>Cost of Goods Sold</b>	59,993,008	34,764,736	25,228,272	72.6%
<b>Gross Profit</b>	<b>15,906,986</b>	<b>8,204,274</b>	<b>7,702,712</b>	<b>93.9%</b>
Selling expenses	1,397,462	792,030	605,432	76.4%
General and administrative expenses	2,814,120	1,841,958	972,162	52.8%
Research and development expenses	3,337,056	1,604,151	1,732,905	108.0%
<b>Total Operating Expenses</b>	<b>7,548,638</b>	<b>4,238,139</b>	<b>3,310,499</b>	<b>78.1%</b>
<b>Income from operations</b>	<b>8,358,348</b>	<b>3,966,135</b>	<b>4,392,213</b>	<b>110.7%</b>
Interest income	14,165	142,791	(128,626)	(90.1)%
Interest expenses	(508,359)	(942,524)	434,165	(46.1)%
Other income	829,556	(415,150)	1,244,706	(299.8)%
<b>Income before income tax</b>	<b>8,693,710</b>	<b>2,751,252</b>	<b>5,942,458</b>	<b>216.0%</b>
<b>Income tax</b>	<b>1,844,619</b>	<b>491,660</b>	<b>1,352,959</b>	<b>275.2%</b>
<b>Net income</b>	<b>6,849,091</b>	<b>2,259,592</b>	<b>4,589,499</b>	<b>203.1%</b>

## Components of Results of Operations

Component of Results of Operations	For the nine months ended September 30	
	2021	2020
Revenues	\$ 75,899,994	\$ 42,969,010
Cost of Goods Sold	59,993,008	34,764,736
Gross Profit	<b>15,906,986</b>	<b>8,204,274</b>
Operating Expenses	7,548,638	4,238,139
Net Income	<b>6,849,091</b>	<b>2,259,592</b>

### Revenue

Greenland's revenue was approximately \$75.90 million for the nine months ended September 30, 2021, representing an increase of approximately \$32.93 million, or 76.6%, as compared to approximately \$42.97 million for the nine months ended September 30, 2020. The increase was primarily due to a significant increase in our sales volume resulting from the continuously growing market demand and the ability to boost supplies while some competitors faced challenges in handling material shortage and were unable to deliver. On an RMB basis, revenue for the nine months ended September 30, 2021 increased by approximately 63.36%, as compared to the nine months ended September 30, 2020.

### 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 ("NRV") impairment test is also recorded in cost of goods sold. The total cost of goods sold was approximately \$60.00 million for the nine months ended September 30, 2021, representing an increase by approximately \$25.23 million, or 72.6%, as compared to approximately \$34.76 million for the nine months ended September 30, 2020. Cost of goods sold increased due to our increase in sales volume.

### Gross Profit

Greenland's gross profit was approximately \$15.91 million for the nine months ended September 30, 2021, representing an increase by approximately 7.70 million, or 93.9%, as compared to approximately \$8.20 million for the nine months ended September 30, 2020. For the nine months ended September 30, 2021 and 2020, Greenland's gross margins were approximately 21.0% and 19.1%, respectively. The increase was primarily due to a shift in the product mix towards higher value and more sophisticated products such as hydraulic transmission products.

### Selling Expense

Selling expenses mainly comprise of operating expenses (such as sales staff payroll), traveling expenses, and transportation expenses. Our selling expenses were approximately \$1.40 million for the nine months ended September 30, 2021, representing an increase of approximately \$0.61 million, or 76.4%, as compared to approximately \$0.79 million for the nine months ended September 30, 2020. The increase was mainly due to an increase in the unit price of transportation expenses.

### 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 \$2.81 million for the nine months ended September 30, 2021, representing an increase by approximately \$0.97 million, or 52.8%, as compared to approximately \$1.84 million for the nine months ended September 30, 2020. The fundamental reasons for the rise in the general and administrative expenses were that the company expanded its operations with increased legal fee and consultancy fee on business planning and projects in the nine months ended September 30, 2021 compared with the same period in 2020.

### *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 \$3.34 million for the nine months ended September 30, 2021, representing an increase by approximately \$1.74 million, or 108.0%, as compared to approximately \$1.60 million for the nine months ended September 30, 2020. Such increase was primarily attributable to the increase in the R&D investment in higher value and more sophisticated products and electrification products.

### *Income from Operations*

Income from operations for the nine months ended September 30, 2021 was approximately \$8.36 million, representing an increase of approximately \$4.39 million, as compared to approximately \$3.97 million for the nine months ended September 30, 2020. Such increase was primarily attributable to the increase of gross profit.

### *Interest Income and Interest Expenses*

Greenland's interest income was approximately \$0.01 million for the nine months ended September 30, 2020, representing a decrease of approximately \$0.13 million, or 90.1%, as compared to approximately \$0.14 million for the nine months ended September 30, 2019. The decrease in interest income was primarily due to the reason that less cash was deposited in banks during the nine months ended September 30, 2021.

Greenland's interest expenses were approximately \$0.51 million for the nine months ended September 30, 2021, representing a decrease of approximately \$0.43 million, or 46.1%, as compared to approximately \$0.94 million for the nine months ended September 30, 2020. The decrease was primarily due to a reduction of our short-term loans for the nine months ended September 30, 2021, compared to those for the three months ended September 30, 2020.

### *Other Income*

Greenland's other income was approximately \$0.83 million for the nine months ended September 30, 2021, representing an increase of approximately \$1.25 million, or 299.8%, as compared to approximately \$(0.42) million for the nine months ended September 30, 2020. The increase was primarily due to a decrease in exchange loss from the devaluation of U.S. dollar over RMB for the nine months ended September 30, 2021, compared to those for the nine months ended September 30, 2020.

### *Income Taxes*

Greenland's income tax was approximately \$1.84 million for the nine months ended September 30, 2021, as compared to approximately \$0.49 million for the nine months ended September 30, 2020. Our income tax expense increased due to an increase in overall profit during the nine months ended September 30, 2021.

### *Net Income*

Our net income was approximately \$6.85 million for the nine months ended September 30, 2021, representing an increase of approximately \$4.59 million, as compared to approximately \$2.26 million for the nine months ended September 30, 2020.

### **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 primarily used to purchase raw materials, repay debts and pay salaries, office expenses, income taxes, and other operating expenses.

For the nine months ended September 30, 2021, our PRC subsidiary, Zhejiang Zhongchai, paid off approximately \$18.65 million in bank loan, approximately \$1.75 million in related parties loan, approximately \$0.31 million in third parties loan, and maintained \$15.66 million cash on hand. We plan to maintain the current debt structure and rely on governmentally supported loans with lower costs, if necessary.

The government 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. 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 \$2.18 million and \$2.34 million on September 30, 2021 and December 31, 2020, 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 vehicles in the future and decline on sale of transmission products. We expect that our capital contribution from existing funding sources will be sufficient for us to operate for the next 12 months. We remain confident and are expected 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 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 fiscal year 2021. We have completed Zhejiang Zhongchai's new factory construction and the PRC government has provided subsidies to ease the local business-related financing conditions caused by the COVID-19 outbreak. Furthermore, we pledged the deed of our new factory as a collateral to banks 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 September 30, 2021, Greenland had approximately \$9.02 million of cash and cash equivalents, representing an increase of approximately \$1.86 million, or 26.01%, as compared to that of approximately \$7.16 million as of December 31, 2020. The increase of cash was mainly attributable to proceeds from equity and debt financing during the nine months ended September 30, 2021.

### ***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 September 30, 2021, Greenland had approximately \$6.64 million of restricted cash, representing an increase of approximately \$4.39 million, or 195.70%, as compared to that of approximately \$2.24 million as of December 31, 2020. The increase of restricted cash was due to the increase in the deposit for bank acceptance notes.

### ***Accounts Receivable***

As of September 30, 2021, Greenland had approximately \$21.32 million of accounts receivables, representing an increase of approximately \$8.91 million, or 71.83%, as compared to those of approximately \$12.41 million as of December 31, 2020. The increase in accounts receivable was due to our slowed-down effort in receivables collections due to the COVID-19 pandemic and our increase in sales volume.

Greenland recorded approximately \$1.00 million of provision for doubtful accounts as of September 30, 2021. Greenland conducted an aging analysis of each customer's delinquent payments to determine whether allowance for doubtful accounts is adequate. In establishing the allowance for doubtful accounts, Greenland considers historical experience, economic environment, and expected collectability of past due receivables. An estimate of doubtful accounts 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 doubtful accounts. Greenland will continuously assess its potential losses based on the credit history of and relationships with its customers on a regular basis to determine whether its bad debt allowance on its accounts receivables is adequate. Greenland believes that its collection policies are generally in line with the transmissions industry's standard in PRC.

### ***Due from Related Party***

Due from related party was \$39.03 million and \$38.54 million as of September 30, 2021 and December 31, 2020, respectively. The current portion of due from related party was \$39.03 million as of September 30, 2021, and the current portion of due from related party was \$38.54 million as of December 31, 2020. We expect the amount due from our controlling shareholder, Cenntro Holding Limited, to be paid back on April 27, 2022, as mutually agreed by the Company and Cenntro Holding Limited, for an extension of repayment from the end of October 2020 in accordance with the original maturity date.

However, there is no guarantee that such amount will be repaid in whole or in part before the end of April 2022, if at all. Such failure to pay back by Cenntro Holding Limited could have a material negative impact on our balance sheet.

### **Notes Receivable**

As of September 30, 2021, Greenland had approximately \$37.03 million of notes receivables, which will be collected by us within nine month. The increase of our notes receivables was approximately \$6.22 million, or 20.21%, from that of approximately \$30.80 million as of December 31, 2020.

### **Working Capital**

Our working capital was approximately \$45.10 million as of September 30, 2021, as compared to that of \$28.84 million as of December 31, 2020, representing an increase of \$16.26 million during the nine months ended September 30, 2021

### **Cash Flow**

	For the nine months Ended	
	September 30,	
	2021	2020
Net cash provided by operating activities	\$ (5,864,423)	\$ 2,201,537
Net cash provided by (used in) investing activities	\$ (685,761)	\$ (183,117)
Net cash provided by (used in) financing activities	\$ 12,669,108	\$ 2,196,111
Net increase in cash and cash equivalents and restricted cash	\$ 6,118,924	\$ 4,214,531
Effect of exchange rate changes on cash and cash equivalents	\$ 134,379	\$ 1,262,878
Cash and cash equivalents and restricted cash at beginning of year	\$ 9,403,053	\$ 5,717,207
Cash and cash equivalents and restricted cash at end of year	\$ 15,656,356	\$ 11,194,616

### **Operating Activities**

Greenland's net cash provided by operating activities were approximately \$(5.86) million and \$2.20 million for the nine months ended September 30, 2021 and 2020, respectively.

For the nine months ended September 30, 2021, the main sources of cash inflow from operating activities were net income, change in accounts payable, and depreciation and amortization, with each amounted to approximately \$6.85 million, \$5.98 million and \$1.87 million, respectively. The main causes of cash outflow were changes in notes receivable and accounts receivables, representing increases of approximately \$5.81 million and \$8.72 million, respectively.

For the nine months ended September 30, 2020, the main sources of cash inflow from operating activities were net income, change in accounts payable, and depreciation and amortization, with each amounted to approximately \$2.26 million, \$6.32 million and \$1.75 million, respectively. The main causes of changes in cash outflow were changes in accounts receivables, notes receivable, inventories, representing increases of approximately \$3.41 million, \$3.31 million and \$2.20 million, respectively.

### **Investing Activities**

Net cash used in investing activities resulted a cash outflow of approximately \$0.69 million for the nine months ended September 30, 2021. Cash used in investing activities for the nine months ended September 30, 2021 was mainly due to \$0.17 million proceeds from government grants for construction, offset by approximately \$0.85 million used for purchases of long-term assets.

Net cash used in investing activities resulted a cash outflow of approximately \$0.18 million for the nine months ended September 30, 2020. Cash used in investing activities for the nine months ended September 30, 2020 was mainly due to \$0.25 million proceeds from government grants for construction offset by approximately \$ 0.44 million used for purchases of long-term assets.



## *Financing Activities*

Net cash used in financing activities resulted a cash inflow of approximately \$12.67 million for the nine months ended September 30, 2021, which was mainly attributable to approximately \$8.21 million proceeds from equity and debt financing and approximately \$16.35 million proceeds from notes payable. Such amounts were further offset by repayment of short-term bank loans for approximately \$18.65 million, and repayment of loans from related parties for approximately \$1.75 million.

Net cash used in financing activities resulted a cash outflow of approximately \$2.20 million for the nine months ended September 30, 2020, which was mainly attributable to approximately \$20.84 million proceeds from short-term bank loans and approximately \$20.56 million proceeds from note payable. Such amounts were further offset by proceed from related party for approximately \$18.50 million, and repayment of short-term bank loans for approximately \$17.55 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 8 - Financial Statements and Supplementary Data" 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 has 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 (the “Business Combination”) following a special meeting of the shareholders where the shareholders of Greenland considered and approved, among other matters, a proposal to adopt an share exchange agreement (the “Share Exchange Agreement”), dated as of July 12, 2019 by and among (i) Greenland, (ii) Zhongchai Holding, (iii) the Sponsor in the capacity as the purchaser representative (the “Purchaser Representative”), and (iv) Cenntro Holding Limited, the sole member of Zhongchai Holding (the “Zhongchai Equity Holder” or the “Seller”).

Pursuant to the Share Exchange Agreement, Greenland acquired from the Seller all of the issued and outstanding equity interests of Zhongchai Holding in exchange for the issuance of 7,500,000 ordinary shares, no par value of Greenland, to the Seller (the “Exchange Shares”). As a result, the Seller became the 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 certain Finder Agreement with Hanyi Zhou, dated May 29, 2019, 50,000 newly issued ordinary shares were issued to Zhou Hanyi as 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 September 30, 2021, 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.

## **Emerging growth Company**

Pursuant to the JOBS Act, an emerging growth Company is provided the option to adopt new or revised accounting standards that may be issued by FASB or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We intend to continue to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies. Accordingly, the information contained herein may be different than the information you receive from other public companies. We also intend to continue to take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act so long as we qualify as an emerging growth Company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

## **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 and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

## Evaluation of Disclosure Controls and Procedures

As of September 30, 2021, 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 for the nine months ended September 30, 2021:

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 the inexperience of our accounting staff with respect to the requirements of US GAAP-based reporting and SEC rules and regulations, 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 10Q 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.**

Not applicable to a smaller reporting company.

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

There were no unregistered sales of the Company's equity securities during the nine months ended September 30, 2021 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 nine-month period ended September 30, 2021.

### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

None.

## ITEM 6. EXHIBITS

### (a) Exhibits

<b>Exhibit</b>	<b>Exhibit Description</b>
3.1 <sup>(2)</sup>	<a href="#">Memorandum and Articles of Association.</a>
3.2 <sup>(2)</sup>	<a href="#">Amended and Restated Articles of Association.</a>
3.3 <sup>(1)</sup>	<a href="#">Second Amended and Restated Articles of Association.</a>
3.4 <sup>(3)</sup>	<a href="#">Amended and Restated Memorandum and Articles of Association, effective on October 24, 2019.</a>
10.1 <sup>(4)</sup>	<a href="#">2020 Equity Incentive Plan</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1**	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and included within the Exhibit 101).

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

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

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

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

\* 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: November 12, 2021

**Greenland Technologies Holding Corp.**

/s/ Raymond Z. Wang

Raymond Z. Wang

Chief Executive Officer and President

**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 period covered by the 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: November 12, 2021

*/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 period covered by the 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: November 12, 2021

*/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 September 30, 2021 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: November 12, 2021

*/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 September 30, 2021 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: November 12, 2021

*/s/ Jing Jin*

\_\_\_\_\_  
Jing Jin

Chief Financial Officer

(Principal Financial Officer)