

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2019 (October 24, 2019)

GREENLAND TECHNOLOGIES HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

British Virgin Islands

(State or other jurisdiction
of incorporation)

001-38605

(Commission File Number)

N/A

(IRS Employer
Identification No.)

**11-F, Building #12, Sunking Plaza, Gaojiao Road
Hangzhou, Zhejiang, People's Republic of China**

(Address of principal executive offices)

311122

(Zip Code)

Registrant's telephone number including area code: **(86) 010-53607082**

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 10006
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, no par value	GTEC	The NASDAQ Stock Market LLC
Warrants to purchase one-half of one ordinary share	GTECW	The NASDAQ Stock Market LLC

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Current Report (the “Report”) contains forward-looking statements, including, without limitation, in the sections captioned “*Description of Business*,” “*Risk Factors*,” and “*Management’s Discussion and Analysis of Financial Condition and Plan of Operations*,” and elsewhere. Any and all statements contained in the Report that are not statements of historical fact may be deemed forward-looking statements. Terms such as “may,” “might,” “would,” “should,” “could,” “project,” “estimate,” “pro-forma,” “predict,” “potential,” “strategy,” “anticipate,” “attempt,” “develop,” “plan,” “help,” “believe,” “continue,” “intend,” “expect,” “future,” and terms of similar import (including the negative of any of the foregoing) may be intended to identify forward-looking statements. However, not all forward-looking statements may contain one or more of these identifying terms. Forward-looking statements in the Report may include, without limitation, statements regarding (i) the plans and objectives of management for future operations, (ii) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, capital structure or other financial items, (iii) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), and (iv) the assumptions underlying or relating to any statement described in points (i), (ii) or (iii) above.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the accuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation:

- Market acceptance of our products and services;
- Competition from existing products or new products that may emerge;
- The implementation of our business model and strategic plans for our business and our products;
- Estimates of our future revenue, expenses, capital requirements and our need for financing;
- Our financial performance;
- Current and future government regulations;
- Developments relating to our competitors; and
- Other risks and uncertainties, including those listed under the section title “*Risk Factors*.”

Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We disclaim any obligation to update the forward-looking statements contained in the Report to reflect any new information or future events or circumstances or otherwise, except as required by law.

Readers should read the Report in conjunction with the discussion under the caption “*Risk Factors*,” our financial statements and the related notes thereto in the Report, and other documents which we may file from time to time with the SEC.

INTRODUCTORY NOTE

On October 24, 2019 (the “Closing Date”), the registrant consummated the previously announced business combination (the “Business Combination”) following a special meeting of stockholders (the “Special Meeting”) where the stockholders of Greenland Acquisition Corporation (“Greenland”, the “Company”, “we” or “us”) considered and approved, among other matters, a proposal to adopt a share exchange agreement (the “Share Exchange Agreement”), dated as of July 12, 2019, entered into by and among (i) Greenland, (ii) Zhongchai Holding (Hong Kong) Limited, a Hong Kong company (“Zhongchai Holding”), (iii) Greenland Asset Management Corporation, a British Virgin Islands company with limited liability, 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 7,500,000 newly issued ordinary shares, no par value of the Company, to the Seller (the “Exchange Shares”). As a result, the Seller became the controlling shareholder of the Company, and Zhongchai Holding became a directly and wholly owned subsidiary of the Company (such transaction is referred as Business Combination herein below). 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.

Prior to the Business Combination, we were a “shell company” (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended). As a result of the Business Combination, we have ceased to be a “shell company” and continued the existing business operations of Zhongchai Holding as a publicly traded company under the name “Greenland Technologies Holding Corporation.”

As used in the Report henceforward, unless otherwise stated or the context clearly indicates otherwise, the terms the “Registrant,” “Company,” “we,” “us” and “our” refer to the consolidated Company and its subsidiaries at and after the Closing, giving effect to the Business Combination.

Item 2.01. Completion of Acquisition of Disposition of Assets.

THE SHARE EXCHANGE AND RELATED TRANSACTIONS

The disclosure set forth under “Introductory Note” above is incorporated in this Item 2.01 by reference. The material terms and conditions of the Share Exchange Agreement and its related agreements are described on pages 59 to 69 of the Company (formerly known as “Greenland Acquisition Corporation”)’s definitive proxy statement dated September 26, 2019 (the “Definitive Proxy Statement”) in the section entitled “*Proposal 1: The Business Combination Proposal—The Share Exchange Agreement,*” which is incorporated by reference herein.

DESCRIPTION OF BUSINESS

The business of the Company after the Business Combination is described in Definitive Proxy Statement in the section entitled “*Information about Zhongchai Holding*” beginning on page 136 and that information is incorporated herein by reference.

Specifically, subsections “Overview” begins on page 136, “Strategic Growth Opportunity in the Robotic Carrier Market” begins on page 136, “Corporate Structure and History” begins on page 138, “Products” begins on page 138, “Competitive Strengths” begins on page 139, “Business Strategies” begins on page 141, “Customers” begins on page 142, “Suppliers” begins on page 142, “Production” begins on page 143, “Inventory and Warehousing” begins on page 143, “Research and Development” begins on page 143, “Properties” begins on page 143, “Trademarks and Other Intellectual Property” begins on page 144, “Sales and Marketing” begins on page 144, “Competition” begins on page 144, “Employees” begins on page 145, “PRC Law and Regulation” begins on page 145, and “Legal Proceedings” begins on page 149.

RISK FACTORS

The risks associated with the Company's business are described in the Definitive Proxy Statement in the section entitled "*Risk Factors*" beginning on page 25 and are incorporated herein by reference. Specifically, subsections "Risk Related to the Business Combination" begins on page 25, "Risks Related to Zhongchai Holding's Business" begins on page 32, "Risks Related to Doing Business in China" begins on page 38, and "Risk Related to Greenland" begins on page 49.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The disclosure contained in the Definitive Proxy Statement with section entitled "*Management's Discussion and Analysis of Financial Condition And Results of Operations of Greenland*" beginning on page 117 is incorporated herein by reference. Specifically, subsections "Results of Operations" begins on page 118, "Liquidity and Capital Resources" begins on page 118, "Off-balance Sheet Financing Arrangements" begins on page 119, "Contractual Obligations" begins on page 119, and "Critical Accounting Policies" begins on page 119.

BENEFICIAL OWNERSHIP OF SECURITIES

The disclosure contained in the Definitive Proxy Statement with section entitled "*Beneficial Ownership of Securities*" beginning on page 131 is incorporated herein by reference.

MANAGEMENT AFTER THE BUSINESS COMBINATION

The disclosure contained in the Definitive Proxy Statement with section entitled "*Management of the Company Following the Business Combination*" beginning on page 165 is incorporated herein by reference. Specifically, subsections "Officers, Directors and Key Employees" begins on page 165, "Corporate Governance Guidelines and Code of Business Conduct" begins on page 166, "Directors Independence" begins on page 166, "Board Leadership Structure" begins on page 167, "Committees of the Board of Directors" begins on page 167, "Compensation Committee Interlocks and Insider Participation" begins on page 168, and "Related Person Policy of the Company" begins on page 169.

DIRECTOR COMPENSATION

The disclosure contained in the Definitive Proxy Statement with section entitled "*Director Compensation*" beginning on page 164 is incorporated herein by reference.

EXECUTIVE COMPENSATION

The disclosure contained in the Definitive Proxy Statement with section entitled "*Executive Compensation of Zhongchai Holding*" beginning on page 164 is incorporated herein by reference.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The certain relationships and related party transactions of Greenland and Zhongchai Holding are described in the Definitive Proxy Statement in the section entitled "*Certain Relationship and Related Party Transactions*" beginning on page 133 and are incorporated herein by reference. Specifically, subsections "*Greenland Related Person Transactions*" begins on page 133, "*Zhongchai Holding Related Person Transactions*" begins on page 134, "*Post-Business Combination Arrangements*" begins on page 135, and "*Statement of Policy Regarding Transactions with Related Persons*" begins on page 135.

DESCRIPTION OF SECURITIES

The disclosure contained in the Definitive Proxy Statement with section entitled “*Description of Greenland’s Securities*” beginning on page 121 is incorporated herein by reference. Specifically, subsections “General” begins on page 121, “Units” begins on page 121, “Founder Shares” begins on page 123, “Preferred Shares” begins on page 123, “Rights” begins on page 124, “Redeemable Warrants” begins on page 125, “Purchase Option” begins on page 126, “Dividends” begins on page 127, “Private Placement Units” begins on page 127, “Our Transfer Agent, Rights Agent and Warrant Agent” begins on page 127, “Memorandum and Articles of Association” begins on page 127, “Changes in Authorized Shares” begins on page 128, “Pre-emption Rights” begins on page 128, “Variation of Rights of Shares” begins on page 129, and “Registration Rights” begins on page 129.

LEGAL PROCEEDINGS

From time to time, the Company may be involved in various claims and legal proceedings arising in the ordinary course of business.

Neither Zhongchai Holding nor Greenland is currently a party to any such claims or proceedings which, if decided adversely to the Company, would either, individually or in the aggregate, have a material adverse effect on the Company’s business, financial condition, results of operations or cash flows.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Memorandum and Articles of Association (the “Memorandum and Articles of Association”), as amended, the BVI Business Companies Act, 2004, the Insolvency Act, 2003 of the British Virgin Islands, each of which as amended, and the common law of British Virgin Islands allow us to indemnify our officers and directors from certain liabilities. Our Articles provides that the Company may indemnify, hold harmless and exonerate against all direct and indirect costs, fees and expenses of any type or nature whatsoever, any person who (a) is or was a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a director, officer, key employee, adviser of the Company or who at the request of the Company; or (b) is or was, at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another company.

The Company will only indemnify the individual in question if the relevant indemnitee acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the indemnitee had no reasonable cause to believe that his conduct was unlawful. The decision of the board of directors of the Company (the “Board”) as to whether an indemnitee acted honestly and in good faith and with a view to the best interests of the Company and as to whether such indemnitee had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of our Articles, unless a question of law is involved.

The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the relevant indemnitee did not act honestly and in good faith and with a view to the best interests of the Company or that such indemnitee had reasonable cause to believe that his conduct was unlawful.

The Company may purchase and maintain insurance, purchase or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond in relation to any indemnitee or who at the request of the Company is or was serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another company, against any liability asserted against the person and incurred by him in that capacity, whether or not the Company has or would have had the power to indemnify him against the liability as provided in the Memorandum and Articles of Association.

Item 3.02. Unregistered Sales of Equity Securities.

The disclosure set forth under Item 2.01 above is incorporated in this Item 3.02 by reference. The 7,500,000 newly issued ordinary shares that were paid as consideration to the Seller upon the closing of the Business Combination were issued by the Company in reliance upon an exemption from the registration requirements of the Securities Act, pursuant to the Section 4(a) (2) of the Securities Act and Regulation S promulgated under the Securities Act. The Seller receiving the shares represented its intention to acquire the shares for investment only and not with a view to or for sale in connection with any distribution, and appropriate restrictive legends were affixed to the certificates representing the shares. The party also had adequate access, through business or other relationships, to information about the Company and Zhongchai Holding.

Item 5.01. Changes in Control of Registrant.

The description of the Share Exchange Agreement and its related agreements in the Definitive Proxy Statement in the section entitled “*Proposal 1: The Business Combination Proposal*” beginning on page 59 and “*The Related Agreements*” beginning on page 67 are incorporated herein by reference. The information contained in Item 2.01 to the Report is also incorporated herein by reference.

As a result of the issuance of the shares pursuant to the Business Combination and related transactions, a change in control of the Company occurred as of October 24, 2019. Except as described in the Report, no arrangements or understandings exist among present or former controlling shareholders with respect to the election of members of our Board and, to our knowledge, no other arrangements exist that might result in a change of control of the Company.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Three directors of Greenland, Jiang Pu, Shan Cui, and Yu Chen resigned from the Board upon the closing of the Business Combination. The Board following the Business Combination is comprised of the following five directors: Peter Zuguang Wang, who also serves as the Chairman of the Company, Yanming Liu, Min Zhang, Everett Xiaolin Wang, and Hong Liang Lu. For a detailed description, please see the section entitled “*The Director Election Proposal*” beginning on Page 94 in the Definitive Proxy Statement, which is incorporated by reference herein.

Upon the closing of the Business Combination, River Chi resigned the position as the Chief Financial Officer of the Company, and Yanming Liu resigned the position as the Chief Executive Officer of the Company. The current management team consists of the following officers:

Name	Age	Position
Raymond Z. Wang	35	Chief Executive Officer and President
Jing Jin	35	Chief Financial Officer
Lei Chen	59	Chief Scientist

For a detailed description, please see the section entitled “*Management of the Company Following the Business Combination*” beginning on Page 165 in the Definitive Proxy Statement, which is incorporated by reference herein.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Upon the closing of the Business Combination, the amendment to the Memorandum and Articles of Association of Greenland to replace Article 23 thereof (the “Articles Amendment”) went effective. For a detailed description of the Articles Amendment, please see the section entitled “*Proposal 4: The Articles Amendment Proposal*” beginning on page 97 in the Definitive Proxy Statement, which is incorporated by reference herein.

Before the consummation of the Business Combination, the Company’s fiscal year ended on November 30. 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. As such, the Company has changed its fiscal year to December 31 to match that of Zhongchai Holding.

Item 5.06. Change in Shell Company Status.

On October 24, 2019, as a result of the consummation of the Business Combination, which fulfilled the “initial Business Combination” requirement as set forth in the Memorandum and Articles of Association, the Company ceased to be a shell company upon the closing of the Business Combination. The material terms of the Business Combination are described in the Definitive Proxy Statement in the section entitled “*Proposal 1: The Business Combination Proposal*” beginning on page 59, which is incorporated by reference herein.

Item 5.07. Submission of Matters to a Vote of Security Holders.

On October 24, 2019, the Company held the Special Meeting. At the Special Meeting, the Company’s shareholders approved the Company’s proposed Business Combination with Zhongchai Holding and related matters.

Set forth below are the final voting results for each of the proposals:

PROPOSAL 1: to consider and vote on a proposal to approve the Business Combination under the terms of the Share Exchange Agreement. Pursuant to the terms set forth in the Share Exchange Agreement, subject to the satisfaction or waiver of the conditions to the closing, Greenland will acquire all of the outstanding capital stock of Zhongchai Holding, which primarily conducts its business through its direct and indirectly owned subsidiaries, from the Zhongchai Equity Holder. In connection with the completion of the Business Combination, the Zhongchai Equity Holder will receive 7,500,000 ordinary shares of the Company as consideration for its existing equity interests of Zhongchai Holding.

For	Against	Abstain
3,886,156	537,011	100

PROPOSAL 2: to consider and vote on a proposal to approve the 2019 Equity Incentive Plan which will become effective upon the closing of the Business Combination and will be used by Greenland on a going-forward basis following such closing. For a detailed description, please see the section entitled “*Proposal 2: The 2019 Equity Incentive Plan Proposal*” beginning on page 88 in the Definitive Proxy Statement.

For	Against	Abstain
4,323,167	100,000	100

PROPOSAL 3: to consider and vote on a proposal to approve the election of five directors to serve staggered terms on the Board until the 2020 and 2021 annual meeting of shareholders, respectively, and until their respective successors are duly elected and qualified. For a detailed description, please see the section entitled “*Proposal 3: The Director Election Proposal*” beginning on page 94 in the Definitive Proxy Statement.

	For	Withhold	Broker Non-Vote
Min Zhang	4,422,856	411	425,366
Everett Xiaolin Wang	4,422,856	411	425,366
Hong Liang Lu	4,422,856	411	425,366
Peter Zuguang Wang	4,422,856	411	425,366
Yanming Liu	4,423,267	0	425,366

PROPOSAL 4: to consider and vote on a proposal to approve the following material amendments to the Memorandum and Articles of Association:

- to reflect the change of the name of the Company to “Greenland Technologies Holding Corporation” from “Greenland Acquisition Corporation”; and
- to make our corporate existence perpetual as opposed to our current corporate existence terminating 12 months (or up to 21 months, if we extend the period of time to consummate a business combination) following the consummation of the IPO and removing various provisions applicable only to special purpose acquisition companies.

For a detailed description, please see the section entitled “*Proposal 4: The Articles Amendment Proposal*” beginning on page 97 in the Definitive Proxy Statement.

For	Against	Abstain
4,311,622	537,011	0

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

In accordance with Item 9.01(a), Zhongchai Holding’s audited financial statements for the year ended December 31, 2018 and 2017, and unaudited financial statements for the six months ended June 30, 2019 are attached to the Report as Exhibit 99.1 hereto.

(b) Pro Forma Financial Information.

In accordance with Item 9.01(b), unaudited pro forma condensed combined financial statements for the nine months ended August 31, 2019 and year ended November 30, 2018 are attached to the Report as Exhibit 99.2 hereto.

(d) Exhibits

Exhibit	Description
2.1	Share Exchange Agreement dated as of July 12, 2019 (Incorporated by reference to Exhibit 10.1 to the Registrant’s Report on Form 8-K filed by the registrant on July 12, 2019)
3.1	Amended and Restated Memorandum and Articles of Association, effective on October 24, 2019*
10.1	Employment Agreement, dated October 24, 2019 by and between the Company and Raymond Z. Wang*
10.2	Employment Agreement, dated October 24, 2019 by and between the Company and Lei Chen*
10.3	Employment Agreement, dated October 24, 2019 by and between the Company and Jing Jin*
14.1	Form of Code of Business Conduct and Ethics*
17.1	Resignation of Jiang Pu*
17.2	Resignation of Yu Chen*
17.3	Resignation of Shan Cui*
17.4	Resignation of Yanming Liu*
17.5	Resignation of River Chi*
21.1	Subsidiaries of Registrant*
99.1	Financial Statements of Zhongchai Holding (Hong Kong) Limited*
99.2	Pro Forma Financial Statements*

* Filed herewith.

SIGNATURE

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

Greenland Technologies Holding Corporation

October 30, 2019

By: /s/ Raymond Z. Wang
Raymond Z. Wang
Chief Executive Officer and President



BRITISH VIRGIN ISLANDS

BVI Business Companies Act 2004

**Amended and Restated Memorandum of Association
and Articles of Association of**

Greenland Technologies Holding Corporation

A COMPANY LIMITED BY SHARES

Incorporated on 28th day of December, 2017

**Approved by Director Resolution dated 24th day of October, 2019 and
filed on 24th day of October, 2019**



HARNEYS CORPORATE SERVICES LIMITED
Craigmuir Chambers, Road Town, VG1110 Tortola, British Virgin Islands
+1 284 494 2233
+1 284 494 3547
harneysfiduciary.com

TERRITORY OF THE BRITISH VIRGIN ISLANDS
THE BVI BUSINESS COMPANIES ACT 2004
AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
OF
GREENLAND TECHNOLOGIES HOLDING CORPORATION

A Company Limited By Shares

1 NAME

The name of the Company is Greenland Technologies Holding Corporation.

2 STATUS

The Company shall be a company limited by shares.

3 REGISTERED OFFICE AND REGISTERED AGENT

3.1 The first registered office of the Company is at Craigmuir Chambers, Road Town, Tortola, VG 1110 British Virgin Islands, the office of the first registered agent.

3.2 The first registered agent of the Company is Harneys Corporate Services Limited of Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, VG 1110, British Virgin Islands.

3.3 The Company may change its registered office or registered agent by a Resolution of Directors or a Resolution of Members. The change shall take effect upon the Registrar registering a notice of change filed under section 92 of the Act.

4 CAPACITY AND POWER

4.1 The Company has, subject to the Act and any other British Virgin Islands legislation for the time being in force, irrespective of corporate benefit:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for the purposes of paragraph (a), full rights, powers and privileges.

4.2 There are, subject to Clause 4.1, no limitations on the business that the Company may carry on.

5 NUMBER AND CLASSES OF SHARES

5.1 The Company is authorised to issue an unlimited number of shares of no par value divided into six classes of shares as follows:

- (a) Ordinary shares of no par value (**Ordinary Shares**);
- (b) Class A preferred shares of no par value (**Class A Preferred Shares**);
- (c) Class B preferred shares of no par value (**Class B Preferred Shares**);
- (d) Class C preferred shares of no par value (**Class C Preferred Shares**);
- (e) Class D preferred shares of no par value (**Class D Preferred Shares**); and
- (f) Class E preferred shares of no par value (**Class E Preferred Shares** and together with the Class A Preferred Shares, the Class B Preferred Shares, Class C Preferred Shares and the Class D Preferred Shares being referred to as the **Preferred Shares**).

5.2 The Company may at the discretion of the Board of Directors, but shall not otherwise be obliged to, issue fractional Shares or round up or down fractional holdings of Shares to its nearest whole number and a fractional Share (if authorised by the Board of Directors) may have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

6 DESIGNATIONS POWERS PREFERENCES OF SHARES

6.1 Each Ordinary Share in the Company confers upon the Member (unless waived by such Member):

- (a) Subject to Clause 11, the right to one vote at a meeting of the Members of the Company or on any Resolution of Members;
- (b) the right to an equal share with each other Ordinary Share in any dividend paid by the Company; and
- (c) the right to an equal share with each other Ordinary Share in the distribution of the surplus assets of the Company on its liquidation.

6.2 The rights, privileges, restrictions and conditions attaching to the Preferred Shares shall be stated in this Memorandum, which shall be amended accordingly prior to the issue of such Preferred Shares. Such rights, privileges, restrictions and conditions may include:

- (a) the number of shares and series constituting that class and the distinctive designation of that class;

- (b) the dividend rate of the Preferred Shares of that class, if any, whether dividends shall be cumulative, and, if so, from which date or dates, and whether they shall be payable in preference to, or in relation to, the dividends payable on any other class or classes of Shares;
- (c) whether that class shall have voting rights, and, if so, the terms of such voting rights;
- (d) whether that class shall have conversion or exchange privileges, and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board of Directors shall determine;
- (e) whether or not the Preferred Shares of that class shall be redeemable, and, if so, the terms and conditions of such redemption, including the manner of selecting such Shares for redemption if less than all Preferred Shares are to be redeemed, the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount maybe less than fair value and which may vary under different conditions and at different dates;
- (f) whether that class shall be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of Preferred Shares of that class, and, if so, the terms and amounts of such sinking fund;
- (g) the right of the Preferred Shares of that class to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional Preferred Shares (including additional Preferred Shares of such class of any other class) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition or any subsidiary of any outstanding Preferred Shares of the Company;
- (h) the right of the Preferred Shares of that class in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and whether such rights be in preference to, or in relation to, the comparable rights or any other class or classes of Shares; and
- (i) any other relative, participating, optional or other special rights, qualifications, limitations or restrictions of that class.

6.3 The Directors may at their discretion by Resolution of Directors redeem, purchase or otherwise acquire all or any of the Shares in the Company subject to Regulation 6 of the Articles.

6.4 The Directors have the authority and the power by Resolution of Directors:

- (a) to authorise and create additional classes of shares; and
- (b) to fix the designations, powers, preferences, rights, qualifications, limitations and restrictions, if any, appertaining to any and all classes of shares that may be authorised to be issued under this Memorandum.

7 VARIATION OF RIGHTS

- 7.1 The rights attached to the Ordinary Shares as specified in Clause 6.1 may only, whether or not the Company is being wound up, be varied by a resolution passed at a meeting by the holders of more than fifty percent (50%) of the Ordinary Shares present at a duly convened and constituted meeting of the Members of the Company holding Ordinary Shares which were present at the meeting and voted unless otherwise provided by the terms of issue of such class.
- 7.2 The rights attached to any Preferred Shares in issue as specified in Clause 6.2 may only, whether or not the Company is being wound up, be varied by a resolution passed at a meeting by the holders of more than fifty percent (50%) of the Preferred Shares of the same class present at a duly convened and constituted meeting of the Members of the Company holding Preferred Shares in such class which were present at the meeting and voted unless otherwise provided by the terms of issue of such class.

8 RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

9 REGISTERED SHARES

- 9.1 The Company shall issue registered shares only.
- 9.2 The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

10 TRANSFER OF SHARES

A Share may be transferred in accordance with Regulation 4 of the Articles.

11 AMENDMENT OF MEMORANDUM AND ARTICLES

- 11.1 The Company may amend its Memorandum or Articles by a Resolution of Members or by a Resolution of Directors, save that no amendment may be made by a Resolution of Directors:
- (a) to restrict the rights or powers of the Members to amend the Memorandum or Articles;
 - (b) to change the percentage of Members required to pass a Resolution of Members to amend the Memorandum or Articles;

- (c) in circumstances where the Memorandum or Articles cannot be amended by the Members; or
- (d) to change Clauses 7 or 8, or this Clause 11 (or any of the defined terms used in any such Clause or Regulation).

12 DEFINITIONS AND INTERPRETATION

12.1 In this Memorandum of Association and the attached Articles of Association, if not inconsistent with the subject or context:

- (a) **Act** means the BVI Business Companies Act, 2004 and includes the regulations made under the Act;
- (b) **AGM** means an annual general meeting of the Members;
- (c) **Articles** means the attached Articles of Association of the Company;
- (d) **Board of Directors** means the board of directors of the Company;
- (e) **Business Days** means a day other than a Saturday or Sunday or any other day on which commercial banks in New York are required or are authorised to be closed for business;
- (f) **Chairman** means a person who is appointed as chairman to preside at a meeting of the Company and **Chairman of the Board** means a person who is appointed as chairman to preside at a meeting of the Board of Directors of the Company, in each case, in accordance with the Articles;
- (g) **Class A Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (h) **Class B Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (i) **Class C Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (j) **Class D Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (k) **Class E Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (l) **Class I Directors** has the meaning ascribed to it in Regulation 9.2;
- (m) **Class II Directors** has the meaning ascribed to it in Regulation 9.2;
- (n) **Designated Stock Exchange** means the Over-the-Counter Bulletin Board, the Global Select Market, Global Market or the Capital Market of the NASDAQ Stock Market LLC, the NYSE American or the New York Stock Exchange, as applicable; provided,

however, that until the Shares are listed on any such Designated Stock Exchange, the rules of such Designated Stock Exchange shall be inapplicable to the Company and this Memorandum or the Articles;

- (o) **Director** means any director of the Company, from time to time;
- (p) **Distribution** in relation to a distribution by the Company means the direct or indirect transfer of an asset, other than Shares, to or for the benefit of a Member in relation to Shares held by a Member, and whether by means of a purchase of an asset, the redemption or other acquisition of Shares, a distribution of indebtedness or otherwise, and includes a dividend;
- (q) **Eligible Person** means individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons;
- (r) **Enterprise** means the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which an Indemnitee is or was serving at the request of the Company as a Director, Officer, trustee, general partner, managing member, fiduciary, employee or agent;
- (s) **Expenses** shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including, without limitation, all legal fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses, in each case reasonably incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in, a Proceeding, including reasonable compensation for time spent by the Indemnitee for which he or she is not otherwise compensated by the Company or any third party. Expenses shall also include any or all of the foregoing expenses incurred in connection with all judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred (whether by an Indemnitee, or on his behalf) in connection with such Proceeding or any claim, issue or matter therein, or any appeal resulting from any Proceeding, including without limitation the principal, premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, but shall not include amounts paid in settlement by an Indemnitee or the amount of judgments or fines against an Indemnitee;
- (t) **Indemnitee** means any person detailed in sub regulations (a) and (b) of Regulation 15;

- (u) **Member** means an Eligible Person whose name is entered in the share register of the Company as the holder of one or more Shares or fractional Shares;
- (v) **Memorandum** means this Memorandum of Association of the Company;
- (w) **Officer** means any officer of the Company, from time to time;
- (x) **Ordinary Shares** has the meaning ascribed to it in Clause 5.1;
- (y) **Proceeding** means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the name of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative nature, in which an Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that such Indemnitee is or was a Director or Officer of the Company, by reason of any action (or failure to act) taken by him or of any action (or failure to act) on his part while acting as a Director, Officer, employee or adviser of the Company, or by reason of the fact that he is or was serving at the request of the Company as a Director, Officer, trustee, general partner, managing member, fiduciary, employee, adviser or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under these Articles;
- (z) **Preferred Shares** has the meaning ascribed to it in Clause 5.1;
- (aa) **relevant system** means a relevant system for the holding and transfer of shares in uncertificated form;
- (bb) **Resolution of Directors** means either:
 - (i) Subject to sub-paragraph (ii) below, a resolution approved at a duly convened and constituted meeting of Directors of the Company or of a committee of Directors of the Company by the affirmative vote of a majority of the Directors present at the meeting who voted except that where a Director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority; or
 - (ii) a resolution consented to in writing by all Directors or by all members of a committee of Directors of the Company, as the case may be;
- (cc) **Resolution of Members** means a resolution approved at a duly convened and constituted meeting of the Members of the Company by the affirmative vote of a majority of the votes of the Shares entitled to vote thereon which were present at the meeting and were voted;

- (dd) **Seal** means any seal which has been duly adopted as the common seal of the Company;
- (ee) **SEC** means the United States Securities and Exchange Commission;
- (ff) **Securities** means Shares, other securities and debt obligations of every kind of the Company, and including without limitation options, warrants, rights to receive Shares or other securities or debt obligations;
- (gg) **Share** means a share issued or to be issued by the Company and **Shares** shall be construed accordingly;
- (hh) **Treasury Share** means a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled;
- (ii) **written** or any term of like import includes information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy, and “in writing” shall be construed accordingly.

12.2 In the Memorandum and the Articles, unless the context otherwise requires a reference to:

- (a) a **Regulation** is a reference to a regulation of the Articles;
- (b) a **Clause** is a reference to a clause of the Memorandum;
- (c) voting by Member is a reference to the casting of the votes attached to the Shares held by the Member voting;
- (d) the Act, the Memorandum or the Articles is a reference to the Act or those documents as amended; and
- (e) the singular includes the plural and vice versa.

12.3 Any words or expressions defined in the Act unless the context otherwise requires bear the same meaning in the Memorandum and Articles unless otherwise defined herein.

12.4 Headings are inserted for convenience only and shall be disregarded in interpreting the Memorandum and Articles.

Signed for HARNEYS CORPORATE SERVICES LIMITED of Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands on 28 December 2017:

Incorporator

Sgd. Indira Ward-Lewis

Indira Ward-Lewis

Authorised Signatory

HARNEYS CORPORATE SERVICES LIMITED

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT 2004

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
GREENLAND TECHNOLOGIES HOLDING CORPORATION**

A Company Limited By Shares

1 REGISTERED SHARES

- 1.1 Every Member is entitled to a certificate signed by a Director of the Company or under the Seal specifying the number of Shares held by him and the signature of the Director and the Seal may be facsimiles.
- 1.2 Any Member receiving a certificate shall indemnify and hold the Company and its Directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a certificate for Shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a Resolution of Directors.
- 1.3 If several Eligible Persons are registered as joint holders of any Shares, any one of such Eligible Persons may give an effectual receipt for any Distribution.
- 1.4 Nothing in these Articles shall require title to any Shares or other Securities to be evidenced by a certificate if the Act and the rules of the Designated Stock Exchange permit otherwise.
- 1.5 Subject to the Act and the rules of the Designated Stock Exchange, the Board of Directors without further consultation with the holders of any Shares or Securities may resolve that any class or series of Shares or other Securities in issue or to be issued from time to time may be issued, registered or converted to uncertificated form and the practices instituted by the operator of the relevant system. No provision of these Articles will apply to any uncertificated shares or Securities to the extent that they are inconsistent with the holding of such shares or securities in uncertificated form or the transfer of title to any such shares or securities by means of a relevant system.
- 1.6 Conversion of Shares held in certificated form into Shares held in uncertificated form, and vice versa, may be made in such manner as the Board of Directors, in its absolute discretion, may think fit (subject always to the requirements of the relevant system concerned). The Company or any duly authorised transfer agent shall enter on the register of members how many Shares are held by each member in uncertificated form and certificated form and shall maintain the register of members in each case as is required by the relevant system concerned. Notwithstanding any provision of these Articles, a class or series of Shares shall not be treated as two classes by virtue only of that class or series comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles which applies only in respect of certificated shares or uncertificated shares.
- 1.7 Nothing contained in Regulation 1.5 and 1.6 is meant to prohibit the Shares from being able to trade electronically.

2 SHARES

- 2.1 Subject to the provisions of these Articles and, where applicable, the rules of the Designated Stock Exchange, the unissued Shares of the Company shall be at the disposal of the Directors and Shares and other Securities may be issued and option to acquire Shares or other Securities may be granted at such times, to such Eligible Persons, for such consideration and on such terms as the Directors may by Resolution of Directors determine.
- 2.2 Without prejudice to any special rights previously conferred on the holders of any existing Preferred Shares or class of Preferred Shares, any class of Preferred Shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting or otherwise as the Directors may from time to time determine.
- 2.3 Section 46 of the Act does not apply to the Company.
- 2.4 A Share may be issued for consideration in any form, including money, a promissory note, real property, personal property (including goodwill and know-how) or a contract for future services.
- 2.5 No Shares may be issued for a consideration other than money, unless a Resolution of Directors has been passed stating:
- (a) the amount to be credited for the issue of the Shares; and
 - (b) that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the Shares.
- 2.6 The Company shall keep a register (the **share register**) containing:
- (a) the names and addresses of the persons who hold Shares;
 - (b) the number of each class and series of Shares held by each Member;
 - (c) the date on which the name of each Member was entered in the share register; and
 - (d) the date on which any Eligible Person ceased to be a Member.
- 2.7 The share register may be in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic or other data storage form shall be the original share register.

- 2.8 A Share is deemed to be issued when the name of the Member is entered in the share register.
- 2.9 Subject to the provisions of the Act, Shares may be issued on the terms that they are redeemable, or at the option of the Company be liable to be redeemed on such terms and in such manner as the Directors before or at the time of the issue of such Shares may determine. The Directors may issue options, warrants, rights or convertible securities or securities or a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or Securities on such terms as the Directors may from time to time determine.

3 FORFEITURE

- 3.1 Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose Shares issued for a promissory note or a contract for future services are deemed to be not fully paid.
- 3.2 A written notice of call specifying the date for payment to be made shall be served on the Member who defaults in making payment in respect of the Shares.
- 3.3 The written notice of call referred to in Regulation 3.2 shall name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
- 3.4 Where a written notice of call has been issued pursuant to Regulation 3.2 and the requirements of the notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Shares to which the notice relates.
- 3.5 The Company is under no obligation to refund any moneys to the Member whose Shares have been cancelled pursuant to Regulation 3.4 and that Member shall be discharged from any further obligation to the Company.

4 TRANSFER OF SHARES

- 4.1 Subject to the Memorandum, certificated shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company for registration. A member shall be entitled to transfer uncertificated shares by means of a relevant system and the operator of the relevant system shall act as agent of the Members for the purposes of the transfer of such uncertificated shares.
- 4.2 The transfer of a Share is effective when the name of the transferee is entered on the share register.

- 4.3 If the Directors of the Company are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by Resolution of Directors:
- (a) to accept such evidence of the transfer of Shares as they consider appropriate; and
 - (b) that the transferee's name should be entered in the share register notwithstanding the absence of the instrument of transfer.
- 4.4 Subject to the Memorandum, the personal representative of a deceased Member may transfer a Share even though the personal representative is not a Member at the time of the transfer.

5 DISTRIBUTIONS

- 5.1 The Directors of the Company may, by Resolution of Directors, authorise a distribution at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as and when they fall due.
- 5.2 Dividends may be paid in money, shares, or other property.
- 5.3 The Company may, by Resolution of Directors, from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company, provided always that they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as and when they fall due.
- 5.4 Notice in writing of any dividend that may have been declared shall be given to each Member in accordance with Regulation 21 and all dividends unclaimed for three years after such notice has been given to a Member may be forfeited by Resolution of Directors for the benefit of the Company.
- 5.5 No dividend shall bear interest as against the Company.

6 REDEMPTION OF SHARES AND TREASURY SHARES

- 6.1 The Company may purchase, redeem or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem or otherwise acquire its own Shares without the consent of the Member whose Shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted or required by the Act or any other provision in the Memorandum or Articles to purchase, redeem or otherwise acquire the Shares without such consent.
- 6.2 The purchase, redemption or other acquisition by the Company of its own Shares is deemed not to be a distribution where:
- (a) the Company purchases, redeems or otherwise acquires the Shares pursuant to a right of a Member to have his Shares redeemed or to have his shares exchanged for money or other property of the Company, or
 - (b) the Company purchases, redeems or otherwise acquires the Shares by virtue of the provisions of section 179 of the Act.

- 6.3 Sections 60, 61 and 62 of the Act shall not apply to the Company.
- 6.4 Shares that the Company purchases, redeems or otherwise acquires pursuant to this Regulation may be cancelled or held as Treasury Shares except to the extent that such Shares are in excess of 50 percent of the issued Shares in which case they shall be cancelled but they shall be available for reissue.
- 6.5 All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.
- 6.6 Treasury Shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and Articles) as the Company may by Resolution of Directors determine.
- 6.7 Where Shares are held by another body corporate of which the Company holds, directly or indirectly, shares having more than 50 per cent of the votes in the election of Directors of the other body corporate, all rights and obligations attaching to the Shares held by the other body corporate are suspended and shall not be exercised by the other body corporate.

7 MORTGAGES AND CHARGES OF SHARES

- 7.1 Unless a Member agrees otherwise, a Member may by an instrument in writing mortgage or charge his Shares.
- 7.2 There shall be entered in the share register at the written request of the Member:
- (a) a statement that the Shares held by him are mortgaged or charged;
 - (b) the name of the mortgagee or chargee; and
 - (c) the date on which the particulars specified in subparagraphs (a) and (b) are entered in the share register.
- 7.3 Where particulars of a mortgage or charge are entered in the share register, such particulars may be cancelled:
- (a) with the written consent of the named mortgagee or chargee or anyone authorised to act on his behalf; or
 - (b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the Directors shall consider necessary or desirable.
- 7.4 Whilst particulars of a mortgage or charge over Shares are entered in the share register pursuant to this Regulation:
- (a) no transfer of any Share the subject of those particulars shall be effected;
 - (b) the Company may not purchase, redeem or otherwise acquire any such Share; and
 - (c) no replacement certificate shall be issued in respect of such Shares,
- without the written consent of the named mortgagee or chargee.

8 MEETINGS AND CONSENTS OF MEMBERS

- 8.1 Any Director of the Company may convene meetings of the Members at such times and in such manner and places within or outside the British Virgin Islands as the Director considers necessary or desirable. An AGM shall be held annually at such date and time as may be determined by the Directors.
- 8.2 Upon the written request of the Members entitled to exercise 30 percent or more of the voting rights in respect of the matter for which the meeting is requested the Directors shall convene a meeting of Members.
- 8.3 The Director convening a meeting of Members shall give not less than 10 nor more than 60 days' written notice of such meeting to:
- (a) those Members whose names on the date the notice is given appear as Members in the share register of the Company and are entitled to vote at the meeting; and
 - (b) the other Directors.
- 8.4 The Director convening a meeting of Members shall fix in the notice of the meeting the record date for determining those Members that are entitled to vote at the meeting.
- 8.5 A meeting of Members held in contravention of the requirement to give notice is valid if Members holding at least 90 per cent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a Member at the meeting shall constitute waiver in relation to all the Shares which that Member holds.
- 8.6 The inadvertent failure of a Director who convenes a meeting to give notice of a meeting to a Member or another Director, or the fact that a Member or another Director has not received notice, does not invalidate the meeting.
- 8.7 A Member may be represented at a meeting of Members by a proxy who may speak and vote on behalf of the Member.
- 8.8 The instrument appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.
- 8.9 The instrument appointing a proxy shall be in substantially the following form or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the Member appointing the proxy.

Greenland Technologies Holding Corporation

I/We being a Member of the above Company HEREBY APPOINT _____ of _____ or _____ failing him _____ of _____ to be my/our proxy to vote for me/us at the meeting of Members to be held on the _____ day of _____, 20 _____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed this _____ day of _____, 20 _____

Member

8.10 The following applies where Shares are jointly owned:

- (a) if two or more persons hold Shares jointly each of them may be present in person or by proxy at a meeting of Members and may speak as a Member;
- (b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and
- (c) if two or more of the joint owners are present in person or by proxy they must vote as one and in the event of disagreement between any of the joint owners of Shares then the vote of the joint owner whose name appears first (or earliest) in the share register in respect of the relevant Shares shall be recorded as the vote attributable to the Shares.

8.11 A Member shall be deemed to be present at a meeting of Members if he participates by telephone or other electronic means and all Members participating in the meeting are able to hear each other.

8.12 A meeting of Members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 per cent of the votes of the Shares entitled to vote on Resolutions of Members to be considered at the meeting. If the Company has two or more classes of shares, a meeting may be quorate for some purposes and not for others. A quorum may comprise a single Member or proxy and then such person may pass a Resolution of Members and a certificate signed by such person accompanied where such person holds a proxy by a copy of the proxy instrument shall constitute a valid Resolution of Members.

8.13 If within two hours from the time appointed for the meeting of Members, a quorum is not present, the meeting, at the discretion of the Chairman of the Board of Directors shall either be dissolved or stand adjourned to a business day in the jurisdiction in which the meeting was to have been held at the same time and place, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the Shares entitled to vote or each class or series of Shares entitled to vote, as applicable, on the matters to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall either be dissolved or stand further adjourned at the discretion of the Chairman of the Board of Directors.

- 8.14 At every meeting of Members, the Chairman of the Board shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present at the meeting, the Members present shall choose one of their number to be the chairman. If the Members are unable to choose a chairman for any reason, then the person representing the greatest number of voting Shares present in person or by proxy at the meeting shall preside as chairman failing which the oldest individual Member or representative of a Member present shall take the chair.
- 8.15 The person appointed as chairman of the meeting pursuant to Regulation 8.14 may adjourn any meeting from time to time, and from place to place. For the avoidance of doubt, a meeting can be adjourned for as many times as may be determined to be necessary by the chairman and a meeting may remain open indefinitely for as long a period as may be determined by the chairman.
- 8.16 At any meeting of the Members the chairman of the meeting is responsible for deciding in such manner as he considers appropriate whether any resolution proposed has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes of the meeting. If the chairman has any doubt as to the outcome of the vote on a proposed resolution, he shall cause a poll to be taken of all votes cast upon such resolution. If the chairman fails to take a poll then any Member present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall cause a poll to be taken. If a poll is taken at any meeting, the result shall be announced to the meeting and recorded in the minutes of the meeting.
- 8.17 Subject to the specific provisions contained in this Regulation for the appointment of representatives of Members other than individuals the right of any individual to speak for or represent a Member shall be determined by the law of the jurisdiction where, and by the documents by which, the Member is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Member or the Company.
- 8.18 Any Member other than an individual may by resolution of its Directors or other governing body authorise such individual as it thinks fit to act as its representative at any meeting of Members or of any class of Members, and the individual so authorised shall be entitled to exercise the same rights on behalf of the Member which he represents as that Member could exercise if it were an individual.
- 8.19 The chairman of any meeting at which a vote is cast by proxy or on behalf of any Member other than an individual may at the meeting but not thereafter call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such Member shall be disregarded.
- 8.20 Directors of the Company may attend and speak at any meeting of Members and at any separate meeting of the holders of any class or series of Shares.

9 DIRECTORS

- 9.1 The first Directors of the Company shall be appointed by the first registered agent within 30 days of the incorporation of the Company; and thereafter, the Directors shall be elected, by Resolution of Members or by Resolution of Directors for such term as the Members or Directors determine.
- 9.2 The Directors shall be divided into two classes, being the class I directors (the **Class I Directors**) and the class II directors (the **Class II Directors**). The number of Directors in each class shall be as nearly equal as possible. The Class I Directors shall stand elected for a term expiring at the Company's first AGM and the Class II Directors shall stand elected for a term expiring at the Company's second AGM. Commencing at the Company's first AGM, and at each following AGM, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the second AGM following their election. Except as the Act or any applicable law may otherwise require, in the interim between an AGM or general meeting called for the election of Directors and/or the removal of one or more Directors any vacancy on the Board of Directors, may be filled by the majority vote of the remaining Directors.
- 9.3 No person shall be appointed as a Director of the Company unless he has consented in writing to act as a Director.
- 9.4 The minimum number of Directors shall be one and there shall be no maximum number of Directors.
- 9.5 Each Director holds office for the term, if any, fixed by the Resolution of Members or Resolution of Directors appointing him or pursuant to Regulation 9.1 or 9.8, or until his earlier death, resignation or removal. If no term is fixed on the appointment of a Director, the Director serves indefinitely until his earlier death, resignation or removal.
- 9.6 A Director may be removed from office with or without cause by:
- (a) a Resolution of Members passed at a meeting of Members called for the purposes of removing the Director or for purposes including the removal of the Director; or
 - (b) subject to Regulation 9.2, a Resolution of Directors passed at a meeting of Directors.
- 9.7 A Director may resign his office by giving written notice of his resignation to the Company and the resignation has effect from the date the notice is received by the Company at the office of its registered agent or from such later date as may be specified in the notice. A Director shall resign forthwith as a Director if he is, or becomes, disqualified from acting as a Director under the Act.

- 9.8 Subject to Regulation 9.2, the Directors may at any time appoint any person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where the Directors appoint a person as Director to fill a vacancy, the term shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold office.
- 9.9 A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of his term of office.
- 9.10 The Company shall keep a register of Directors containing:
- (a) the names and addresses of the persons who are Directors of the Company;
 - (b) the date on which each person whose name is entered in the register was appointed as a Director of the Company;
 - (c) the date on which each person named as a Director ceased to be a Director of the Company; and
 - (d) such other information as may be prescribed by the Act.
- 9.11 The register of Directors may be kept in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic or other data storage shall be the original register of Directors.
- 9.12 The Directors, or if the Shares (or depository receipts therefore) are listed or quoted on a Designated Stock Exchange, and if required by the Designated Stock Exchange, any committee thereof, may, by a Resolution of Directors, fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.
- 9.13 A Director is not required to hold a Share as a qualification to office.
- 9.14 Prior to the consummation of any transaction with:
- (a) any affiliate of the Company;
 - (b) any Member owning an interest in the voting power of the Company that gives such Member a significant influence over the Company;
 - (c) any Director or executive officer of the Company and any relative of such Director or executive officer; and
 - (d) any person in which a substantial interest in the voting power of the Company is owned, directly or indirectly, by a person referred to in Regulations 9.14(b) and (c) or over which such a person is able to exercise significant influence,

such transaction must be approved by a majority of the members of the Board of Directors who do not have an interest in the transaction, such directors having been provided with access (at the Company's expense) to the Company's attorney or independent legal counsel, unless the disinterested directors determine that the terms of such transaction are no less favourable to the Company than those that would be available to the Company with respect to such a transaction from unaffiliated third parties.

10 POWERS OF DIRECTORS

- 10.1 The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors of the Company. The Directors of the Company have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may pay all expenses incurred preliminary to and in connection with the incorporation of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or the Articles required to be exercised by the Members.
- 10.2 If the Company is the wholly owned subsidiary of a holding company, a Director of the Company may, when exercising powers or performing duties as a Director, act in a manner which he believes is in the best interests of the holding company even though it may not be in the best interests of the Company.
- 10.3 Each Director shall exercise his powers for a proper purpose and shall not act or agree to the Company acting in a manner that contravenes the Memorandum, the Articles or the Act. Each Director, in exercising his powers or performing his duties, shall act honestly and in good faith in what the Director believes to be the best interests of the Company.
- 10.4 Any Director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at meetings of the Directors, with respect to the signing of consents or otherwise.
- 10.5 The continuing Directors may act notwithstanding any vacancy in their body.
- 10.6 The Directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.
- 10.7 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.
- 10.8 Section 175 of the Act shall not apply to the Company.

11 PROCEEDINGS OF DIRECTORS

- 11.1 Any one Director of the Company may call a meeting of the Directors by sending a written notice to each other Director.
- 11.2 The Directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the notice calling the meeting provides.

- 11.3 A Director is deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other.
- 11.4 A Director may by a written instrument appoint an alternate who need not be a Director, any such alternate shall be entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director until the appointment lapses or is terminated.
- 11.5 A Director shall be given not less than three days' notice of meetings of Directors, but a meeting of Directors held without three days' notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting who do not attend waive notice of the meeting, and for this purpose the presence of a Director at a meeting shall constitute waiver by that Director. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.
- 11.6 A meeting of Directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one-half of the total number of Directors, unless there are only two Directors in which case the quorum is two.
- 11.7 If the Company has only one Director the provisions herein contained for meetings of Directors do not apply and such sole Director has full power to represent and act for the Company in all matters as are not by the Act, the Memorandum or the Articles required to be exercised by the Members. In lieu of minutes of a meeting the sole Director shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Directors. Such a note or memorandum constitutes sufficient evidence of such resolution for all purposes.
- 11.8 At meetings of Directors at which the Chairman of the Board is present, he shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present, the Directors present shall choose one of their number to be chairman of the meeting. If the Directors are unable to choose a chairman for any reason, then the oldest individual Director present (and for this purpose an alternate Director shall be deemed to be the same age as the Director that he represents) shall take the chair.
- 11.9 An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a Resolution of Directors or a resolution of a committee of Directors consented to in writing by all Directors or by all members of the committee, as the case may be, without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one or more Directors. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last Director has consented to the resolution by signed counterparts.

12 COMMITTEES

- 12.1 The Directors may, by Resolution of Directors, designate one or more committees, each consisting of one or more Directors, and delegate one or more of their powers, including the power to affix the Seal, to the committee.
- 12.2 The Directors have no power to delegate to a committee of Directors any of the following powers:
- (a) to amend the Memorandum or the Articles;
 - (b) to designate committees of Directors;
 - (c) to delegate powers to a committee of Directors;
 - (d) to appoint Directors;
 - (e) to appoint an agent;
 - (f) to approve a plan of merger, consolidation or arrangement; or
 - (g) to make a declaration of solvency or to approve a liquidation plan.
- 12.3 Regulations 12.2(b) and (c) do not prevent a committee of Directors, where authorised by the Resolution of Directors appointing such committee or by a subsequent Resolution of Directors, from appointing a sub-committee and delegating powers exercisable by the committee to the sub-committee.
- 12.4 The meetings and proceedings of each committee of Directors consisting of 2 or more Directors shall be governed mutatis mutandis by the provisions of the Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the committee.

13 OFFICERS AND AGENTS

- 13.1 The Company may by Resolution of Directors appoint officers of the Company at such times as may be considered necessary or expedient. Such officers may consist of a Chairman of the Board of Directors, a Chief Executive Officer, a President, a Chief Financial Officer (in each case there may be more than one of such officers), one or more vice-presidents, secretaries and treasurers and such other officers as may from time to time be considered necessary or expedient. Any number of offices may be held by the same person.
- 13.2 The officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors. In the absence of any specific prescription of duties it shall be the responsibility of the Chairman of the Board (or Co-Chairman, as the case may be) to preside at meetings of Directors and Members, the Chief Executive Officer (or Co-Chief Executive Officer, as the case may be) to manage the day to day affairs of the Company, the vice-presidents to act in order of seniority in the absence of the Chief Executive Officer (or Co-Chief Executive Officer, as the case may be) but otherwise to perform such duties as may be delegated to them by the Chief Executive Officer (or Co-Chief Executive Officer, as the case may be), the secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.

- 13.3 The emoluments of all officers shall be fixed by Resolution of Directors.
- 13.4 The officers of the Company shall hold office until their death, resignation or removal. Any officer elected or appointed by the Directors may be removed at any time, with or without cause, by Resolution of Directors. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.
- 13.5 The Directors may, by a Resolution of Directors, appoint any person, including a person who is a Director, to be an agent of the Company. An agent of the Company shall have such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the Resolution of Directors appointing the agent, except that no agent has any power or authority with respect to the matters specified in Regulation 12.1. The Resolution of Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company. The Directors may remove an agent appointed by the Company and may revoke or vary a power conferred on him.

14 CONFLICT OF INTERESTS

- 14.1 A Director of the Company shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other Directors of the Company.
- 14.2 For the purposes of Regulation 14.1, a disclosure to all other Directors to the effect that a Director is a member, Director or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
- 14.3 Provided that the requirements of Regulation 9.14 have first been satisfied, a Director of the Company who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum; and
 - (c) sign a document on behalf of the Company, or do any other thing in his capacity as a Director, that relates to the transaction,

and, subject to compliance with the Act and these Articles shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

15 INDEMNIFICATION

15.1 Subject to the limitations hereinafter provided the Company shall indemnify, hold harmless and exonerate against all direct and indirect costs, fees and Expenses of any type or nature whatsoever, any person who:

(a) is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that such person is or was a Director, officer, key employee, adviser of the Company or who at the request of the Company; or

(b) is or was, at the request of the Company, serving as a Director of, or in any other capacity is or was acting for, another Enterprise.

15.2 The indemnity in Regulation 15.1 only applies if the relevant Indemnitee acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the Indemnitee had no reasonable cause to believe that his conduct was unlawful.

15.3 The decision of the Directors as to whether an Indemnitee acted honestly and in good faith and with a view to the best interests of the Company and as to whether such Indemnitee had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.

15.4 The termination of any Proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the relevant Indemnitee did not act honestly and in good faith and with a view to the best interests of the Company or that such Indemnitee had reasonable cause to believe that his conduct was unlawful.

15.5 The Company may purchase and maintain insurance, purchase or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond in relation to any Indemnitee or who at the request of the Company is or was serving as a Director, officer or liquidator of, or in any other capacity is or was acting for, another Enterprise, against any liability asserted against the person and incurred by him in that capacity, whether or not the Company has or would have had the power to indemnify him against the liability as provided in these Articles.

16 RECORDS

16.1 The Company shall keep the following documents at the office of its registered agent:

(a) the Memorandum and the Articles;

(b) the share register, or a copy of the share register;

- (c) the register of Directors, or a copy of the register of Directors; and
 - (d) copies of all notices and other documents filed by the Company with the Registrar of Corporate Affairs in the previous 10 years.
- 16.2 If the Company maintains only a copy of the share register or a copy of the register of Directors at the office of its registered agent, it shall:
- (a) within 15 days of any change in either register, notify the registered agent in writing of the change; and
 - (b) provide the registered agent with a written record of the physical address of the place or places at which the original share register or the original register of Directors is kept.
- 16.3 The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the Directors may determine:
- (a) minutes of meetings and Resolutions of Members and classes of Members;
 - (b) minutes of meetings and Resolutions of Directors and committees of Directors; and
 - (c) an impression of the Seal, if any.
- 16.4 Where any original records referred to in this Regulation are maintained other than at the office of the registered agent of the Company, and the place at which the original records is changed, the Company shall provide the registered agent with the physical address of the new location of the records of the Company within 14 days of the change of location.
- 16.5 The records kept by the Company under this Regulation shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act.

17 REGISTERS OF CHARGES

- 17.1 The Company shall maintain at the office of its registered agent a register of charges in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance created by the Company:
- (a) the date of creation of the charge;
 - (b) a short description of the liability secured by the charge;
 - (c) a short description of the property charged;
 - (d) the name and address of the trustee for the security or, if there is no such trustee, the name and address of the chargee;

- (e) unless the charge is a security to bearer, the name and address of the holder of the charge; and
- (f) details of any prohibition or restriction contained in the instrument creating the charge on the power of the Company to create any future charge ranking in priority to or equally with the charge.

18 CONTINUATION

The Company may by Resolution of Members or by a Resolution of Directors continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

19 SEAL

The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors. The Directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the registered office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one Director or other person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.

20 ACCOUNTS AND AUDIT

- 20.1 The Company shall keep records that are sufficient to show and explain the Company's transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.
- 20.2 The Company may by Resolution of Members call for the Directors to prepare periodically and make available a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.
- 20.3 The Company may by Resolution of Members call for the accounts to be examined by auditors.
- 20.4 If the Shares are listed or quoted on a Designated Stock Exchange that requires the Company to have an audit committee, the Directors shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.
- 20.5 If the Shares are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and, if required, shall utilise the audit committee for the review and approval of potential conflicts of interest.

- 20.6 If applicable, and subject to applicable law and the rules of the SEC and the Designated Stock Exchange:
- (a) at the AGM or at a subsequent extraordinary general meeting in each year, the Members shall appoint an auditor who shall hold office until the Members appoint another auditor. Such auditor may be a Member but no Director or officer or employee of the Company shall during, his continuance in office, be eligible to act as auditor;
 - (b) a person, other than a retiring auditor, shall not be capable of being appointed auditor at an AGM unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than ten days before the AGM and furthermore the Company shall send a copy of such notice to the retiring auditor; and
 - (c) the Members may, at any meeting convened and held in accordance with these Articles, by resolution remove the auditor at any time before the expiration of his term of office and shall by resolution at that meeting appoint another auditor in his stead for the remainder of his term.
- 20.7 The remuneration of the auditors shall be fixed by Resolution of Directors in such manner as the Directors may determine or in a manner required by the rules and regulations of the Designated Stock Exchange and the SEC.
- 20.8 The report of the auditors shall be annexed to the accounts and shall be read at the meeting of Members at which the accounts are laid before the Company or shall be otherwise given to the Members.
- 20.9 Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the Directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.
- 20.10 The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of Members at which the Company's profit and loss account and balance sheet are to be presented.

21 NOTICES

- 21.1 Any notice, information or written statement to be given by the Company to Members may be given by personal service by mail, facsimile or other similar means of electronic communication, addressed to each Member at the address shown in the share register.
- 21.2 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.

21.3 Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered office or the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

22 VOLUNTARY WINDING UP

The Company may by a Resolution of Members or by a Resolution of Directors appoint a voluntary liquidator.

Signed for HARNEYS CORPORATE SERVICES LIMITED of Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands on 28 December 2017:

Incorporator

Sgd. Indira Ward-Lewis

Indira Ward-Lewis

Authorised Signatory

HARNEYS CORPORATE SERVICES LIMITED

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “Agreement”), is entered into as of October 24, 2019 (the “Effective Date”), by and between Greenland Acquisition Corporation, a British Virgin Islands business company with limited liability (the “Company”), and Raymond Z. Wang, an individual (the “Executive”). Except with respect to the direct employment of the Executive by the Company, the term “Company” as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its subsidiaries and affiliated entities (collectively, the “Group”).

RECITALS

A. The Company desires to employ the Executive as its Chief Executive Officer and President to assure itself of the services of the Executive during the term of Employment (as defined below).

B. The Executive desires to be employed by the Company as its Chief Executive Officer and President during the term of Employment and upon the terms and conditions of this Agreement.

AGREEMENT

The parties hereto agree as follows:

1. POSITION

The Executive hereby accepts positions of Chief Executive Officer and President (the “Employment”) of the Company.

2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be three years commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. The Employment will be renewed automatically for additional one-year terms if neither the Company nor the Executive provides a notice of termination of the Employment to the other party or otherwise proposes to re-negotiate the terms of the Employment with the other party within three months prior to the expiration of the applicable term.

3. DUTIES AND RESPONSIBILITIES

- (a) The Executive’s duties at the Company will include all jobs assigned by the Company’s Board of the Directors (the “Board”).
 - (b) The Executive shall devote all of his/her working time, attention and skills to the performance of his/her duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, the Memorandum of Association and Articles of Association of the Company, as amended and restated from time to time (the “Charter Documents”), and the guidelines, policies and procedures of the Company approved from time to time by the Board.
 - (c) The Executive shall use his/her best efforts to perform his/her duties hereunder. The Executive shall not, without the prior written consent of the Board, become an employee of any entity other than the Company and any subsidiary or affiliate of the Company, and shall not be concerned or interested in any business or entity that engages in the same business in which the Company engages (any such business or entity, a “Competitor”), provided that nothing in this clause shall preclude the Executive from holding any shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere if such shares or securities represent less than 5% of the competitors outstanding shares and securities. The Executive shall notify the Company in writing of his/her interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require.
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4. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound, except for agreements entered into by and between the Executive and any member of the Group pursuant to applicable law, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his/her duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

5. COMPENSATION AND BENEFITS

- (a) Base Salary. The Executive's initial base salary shall be \$145,000 per year, paid in periodic installments in accordance with the Company's regular payroll practices, and such compensation is subject to annual review and adjustment by the Board.
- (b) Bonus. The Executive shall be eligible for Bonuses determined by the Board.
- (c) Equity Incentives. To the extent the Company adopts and maintains a share incentive plan, the Executive will be eligible to participate in such plan pursuant to the terms thereof as determined by the Board.
- (d) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan.
- (e) Expenses. The Executive shall be entitled to reimbursement by the Company for all reasonable ordinary and necessary travel and other expenses incurred by the Executive in the performance of his/her duties under this Agreement; provided that he or she properly accounts for such expenses in accordance with the Company's policies and procedures.

6. TERMINATION OF THE AGREEMENT

- (a) By the Company.

(i) For Cause. The Company may terminate the Employment for cause, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:

- (1) the Executive is convicted or pleads guilty to a felony or to an act of fraud, misappropriation or embezzlement,
- (2) the Executive has been grossly negligent or acted dishonestly to the detriment of the Company,
- (3) the Executive has engaged in actions amounting to willful misconduct or failed to perform his/her duties hereunder and such failure continues after the Executive is afforded a reasonable opportunity to cure such failure; or
- (4) the Executive violates Section 7 or 9 of this Agreement.

Upon termination for cause, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(ii) For death and disability. The Company may also terminate the Employment, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), upon one-month prior written notice, if:

(1) the Executive has died, or

(2) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her employment with the Company, with or without reasonable accommodation, for a period of two (2) consecutive months or three (3) months in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply.

This Agreement and Executive's employment pursuant to this Agreement, may be terminated by him or the Company on not less than thirty (30) days' written notice in the event of Executive's Disability.

Upon termination for death or disability, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(iii) Without Cause. The Company may terminate the Employment without cause, at any time, upon one-month prior written notice. Upon termination without cause, the Company shall provide the following severance payments and benefits to the Executive: (1) a lump sum cash payment equal to 12 months of the Executive's base salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination, if any; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination, if any; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

Upon termination without, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination.

(iv) Change of Control Transaction. If the Company or its successor terminates the Employment upon a merger, consolidation, or transfer or sale of all or substantially all of the assets of the Company with or to any other individual(s) or entity (the "Change of Control Transaction"), the Executive shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to 12 months of the Executive's base salary at a rate equal to the greater of his/her annual salary in effect immediately prior to the termination, or his/her then current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

(b) By the Executive. The Executive may terminate the Employment at any time with a one-month prior written notice to the Company, if (1) there is a material reduction in the Executive's authority, duties and responsibilities, or (2) there is a material reduction in the Executive's annual salary. Upon the Executive's termination of the Employment due to either of the above reasons, the Company shall provide compensation to the Executive equivalent to 12 months of the Executive's base salary that he or she is entitled to immediately prior to such termination. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation is approved by the Board or an alternative arrangement with respect to the Employment is agreed to by the Board.

- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

7. CONFIDENTIALITY AND NON-DISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of the Employment and after his/her termination, to hold in the strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, corporation or other entity without prior written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Company, its affiliates, or their respective clients, customers or partners, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers, supplier lists and suppliers, software developments, inventions, processes, formulas, technology, designs, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, franchisees, distributors and other persons with whom the Company does business, information regarding the skills and compensation of other employees of the Company or other business information disclosed to the Executive by or obtained by the Executive from the Company, its affiliates, or their respective clients, customers or partners, either directly or indirectly, in writing, orally or otherwise, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with his/her work or using the facilities of the Company are property of the Company and subject to inspection by the Company at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to his/her work with the Company and will provide written certification of his/her compliance with this Agreement. Under no circumstances will the Executive have, following his/her termination, in his/her possession any property of the Company, or any documents or materials or copies thereof containing any Confidential Information.
- (c) Former Employer Information. The Executive agrees that he or she has not and will not, during the term of his/her employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such third party.

This Section 7 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 7, the Company shall have right to seek remedies permissible under applicable law.

8. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the term of his/her employment with the Company, he or she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

9. NON-COMPETITION AND NON-SOLICITATION

In consideration of the salary paid to the Executive by the Company and subject to applicable law, the Executive agrees that during the term of the Employment and for a period of two (2) year following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company for the purposes of doing business with such persons or entities which will harm the business relationship between the Company and such persons and/or entities;
- (b) The Executive will not assume employment with or provide services as a director or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor; and
- (c) The Executive will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any employee of the Company employed during the two (2) year period prior to the date of such termination;

The provisions contained in Section 9 are considered reasonable by the Executive and the Company. In the event that any such provisions should be found to be void under applicable laws but would be valid if some part thereof was deleted or the period or area of application reduced, such provisions shall apply with such modification as may be necessary to make them valid and effective;

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Executive acknowledges that there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company shall have right to seek all remedies permissible under applicable law;

- (d) The Executive will not be employed by or otherwise serve (including but not limited to as a director of the board, a founder or co-founder) in any other entities in the industry or business of logistic transmission system or warehouse AGV;
- (e) The Executive will not solicit for himself or any other person or entity other than the Company the business of any person or entity which is a customer or client of the Company, or was a customer or client of the Company within one (1) year prior to the termination of his employment

10. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

11. ASSIGNMENT

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent, and (ii) in the event of a Change of Control Transaction, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

12. SEVERABILITY

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

13. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter, including any prior agreements between the Executive and a member of the Group. The Executive acknowledges that he or she has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

14. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of New York and each of the parties irrevocably consents to the jurisdiction and venue of the federal and state courts located in New York.

15. AMENDMENT

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

16. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

17. NOTICES

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.

18. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

19. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, he or she has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

Greenland Acquisition Corporation

By: /s/ Yanming Liu
Name: Yanming Liu
Title: Chief Executive Officer

Executive

Signature: Raymond Z. Wang
Name: Raymond Z. Wang

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), is entered into as of October 24, 2019 (the "Effective Date"), by and between Greenland Acquisition Corporation, a British Virgin Islands business company with limited liability (the "Company"), and Lei Chen, an individual (the "Executive"). Except with respect to the direct employment of the Executive by the Company, the term "Company" as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its subsidiaries and affiliated entities (collectively, the "Group").

RECITALS

A. The Company desires to employ the Executive as its Chief Scientist to assure itself of the services of the Executive during the term of Employment (as defined below).

B. The Executive desires to be employed by the Company as its Chief Scientist during the term of Employment and upon the terms and conditions of this Agreement.

AGREEMENT

The parties hereto agree as follows:

1. POSITION

The Executive hereby accepts a position of Chief Scientist (the "Employment") of the Company.

2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be three years commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. The Employment will be renewed automatically for additional one-year terms if neither the Company nor the Executive provides a notice of termination of the Employment to the other party or otherwise proposes to re-negotiate the terms of the Employment with the other party within three months prior to the expiration of the applicable term.

3. DUTIES AND RESPONSIBILITIES

- (a) The Executive's duties at the Company will include all jobs assigned by the Company's Board of the Directors (the "Board").
 - (b) The Executive shall devote all of his/her working time, attention and skills to the performance of his/her duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, the Memorandum of Association and Articles of Association of the Company, as amended and restated from time to time (the "Charter Documents"), and the guidelines, policies and procedures of the Company approved from time to time by the Board.
 - (c) The Executive shall use his/her best efforts to perform his/her duties hereunder. The Executive shall not, without the prior written consent of the Board, become an employee of any entity other than the Company and any subsidiary or affiliate of the Company, and shall not be concerned or interested in any business or entity that engages in the same business in which the Company engages (any such business or entity, a "Competitor"), provided that nothing in this clause shall preclude the Executive from holding any shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere if such shares or securities represent less than 5% of the competitors outstanding shares and securities. The Executive shall notify the Company in writing of his/her interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require.
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4. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound, except for agreements entered into by and between the Executive and any member of the Group pursuant to applicable law, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his/her duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

5. COMPENSATION AND BENEFITS

- (a) Base Salary. The Executive's initial base salary shall be \$45,000 per year, paid in periodic installments in accordance with the Company's regular payroll practices, and such compensation is subject to annual review and adjustment by the Board.
- (b) Bonus. The Executive shall be eligible for Bonuses determined by the Board.
- (c) Equity Incentives. To the extent the Company adopts and maintains a share incentive plan, the Executive will be eligible to participate in such plan pursuant to the terms thereof as determined by the Board.
- (d) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan.
- (e) Expenses. The Executive shall be entitled to reimbursement by the Company for all reasonable ordinary and necessary travel and other expenses incurred by the Executive in the performance of his/her duties under this Agreement; provided that he or she properly accounts for such expenses in accordance with the Company's policies and procedures.

6. TERMINATION OF THE AGREEMENT

- (a) By the Company.
 - (i) For Cause. The Company may terminate the Employment for cause, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:
 - (1) the Executive is convicted or pleads guilty to a felony or to an act of fraud, misappropriation or embezzlement,
 - (2) the Executive has been grossly negligent or acted dishonestly to the detriment of the Company,
 - (3) the Executive has engaged in actions amounting to willful misconduct or failed to perform his/her duties hereunder and such failure continues after the Executive is afforded a reasonable opportunity to cure such failure; or
 - (4) the Executive violates Section 7 or 9 of this Agreement.

Upon termination for cause, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(ii) For death and disability. The Company may also terminate the Employment, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), upon one-month prior written notice, if:

(1) the Executive has died, or

(2) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her employment with the Company, with or without reasonable accommodation, for a period of two (2) consecutive months or three (3) months in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply.

This Agreement and Executive's employment pursuant to this Agreement, may be terminated by him or the Company on not less than thirty (30) days' written notice in the event of Executive's Disability.

Upon termination for death or disability, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(iii) Without Cause. The Company may terminate the Employment without cause, at any time, upon one-month prior written notice. Upon termination without cause, the Company shall provide the following severance payments and benefits to the Executive: (1) a lump sum cash payment equal to 12 months of the Executive's base salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination, if any; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination, if any; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

Upon termination without, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination.

(iv) Change of Control Transaction. If the Company or its successor terminates the Employment upon a merger, consolidation, or transfer or sale of all or substantially all of the assets of the Company with or to any other individual(s) or entity (the "Change of Control Transaction"), the Executive shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to 12 months of the Executive's base salary at a rate equal to the greater of his/her annual salary in effect immediately prior to the termination, or his/her then current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

(b) By the Executive. The Executive may terminate the Employment at any time with a one-month prior written notice to the Company, if (1) there is a material reduction in the Executive's authority, duties and responsibilities, or (2) there is a material reduction in the Executive's annual salary. Upon the Executive's termination of the Employment due to either of the above reasons, the Company shall provide compensation to the Executive equivalent to 12 months of the Executive's base salary that he or she is entitled to immediately prior to such termination. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation is approved by the Board or an alternative arrangement with respect to the Employment is agreed to by the Board.

- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

7. CONFIDENTIALITY AND NON-DISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of the Employment and after his/her termination, to hold in the strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, corporation or other entity without prior written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Company, its affiliates, or their respective clients, customers or partners, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers, supplier lists and suppliers, software developments, inventions, processes, formulas, technology, designs, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, franchisees, distributors and other persons with whom the Company does business, information regarding the skills and compensation of other employees of the Company or other business information disclosed to the Executive by or obtained by the Executive from the Company, its affiliates, or their respective clients, customers or partners, either directly or indirectly, in writing, orally or otherwise, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with his/her work or using the facilities of the Company are property of the Company and subject to inspection by the Company at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to his/her work with the Company and will provide written certification of his/her compliance with this Agreement. Under no circumstances will the Executive have, following his/her termination, in his/her possession any property of the Company, or any documents or materials or copies thereof containing any Confidential Information.
- (c) Former Employer Information. The Executive agrees that he or she has not and will not, during the term of his/her employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such third party.

This Section 7 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 7, the Company shall have right to seek remedies permissible under applicable law.

8. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the term of his/her employment with the Company, he or she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

9. NON-COMPETITION AND NON-SOLICITATION

In consideration of the salary paid to the Executive by the Company and subject to applicable law, the Executive agrees that during the term of the Employment and for a period of two (2) year following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company for the purposes of doing business with such persons or entities which will harm the business relationship between the Company and such persons and/or entities;
- (b) The Executive will not assume employment with or provide services as a director or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor; and
- (c) The Executive will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any employee of the Company employed during the two (2) year period prior to the date of such termination;

The provisions contained in Section 9 are considered reasonable by the Executive and the Company. In the event that any such provisions should be found to be void under applicable laws but would be valid if some part thereof was deleted or the period or area of application reduced, such provisions shall apply with such modification as may be necessary to make them valid and effective;

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Executive acknowledges that there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company shall have right to seek all remedies permissible under applicable law;

- (d) The Executive will not be employed by or otherwise serve (including but not limited to as a director of the board, a founder or co-founder) in any other entities in the industry or business of logistic transmission system or warehouse AGV;
- (e) The Executive will not solicit for himself or any other person or entity other than the Company the business of any person or entity which is a customer or client of the Company, or was a customer or client of the Company within one (1) year prior to the termination of his employment

10. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

11. ASSIGNMENT

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent, and (ii) in the event of a Change of Control Transaction, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

12. SEVERABILITY

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

13. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter, including any prior agreements between the Executive and a member of the Group. The Executive acknowledges that he or she has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

14. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of New York and each of the parties irrevocably consents to the jurisdiction and venue of the federal and state courts located in New York.

15. AMENDMENT

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

16. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

17. NOTICES

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.

18. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

19. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, he or she has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

Greenland Acquisition Corporation

By: /s/ Yanming Liu
Name: Yanming Liu
Title: Chief Executive Officer

Executive

Signature: /s/ Lei Chen
Name: Lei Chen

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), is entered into as of October 24, 2019 (the "Effective Date"), by and between Greenland Acquisition Corporation, a British Virgin Islands business company with limited liability (the "Company"), and Jing Jin, an individual (the "Executive"). Except with respect to the direct employment of the Executive by the Company, the term "Company" as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its subsidiaries and affiliated entities (collectively, the "Group").

RECITALS

A. The Company desires to employ the Executive as its Chief Financial Officer to assure itself of the services of the Executive during the term of Employment (as defined below).

B. The Executive desires to be employed by the Company as its Chief Financial Officer during the term of Employment and upon the terms and conditions of this Agreement.

AGREEMENT

The parties hereto agree as follows:

1. POSITION

The Executive hereby accepts a position of Chief Financial Officer (the "Employment") of the Company.

2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be three years commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. The Employment will be renewed automatically for additional one-year terms if neither the Company nor the Executive provides a notice of termination of the Employment to the other party or otherwise proposes to re-negotiate the terms of the Employment with the other party within three months prior to the expiration of the applicable term.

3. DUTIES AND RESPONSIBILITIES

- (a) The Executive's duties at the Company will include all jobs assigned by the Company's Board of the Directors (the "Board").
 - (b) The Executive shall devote all of his/her working time, attention and skills to the performance of his/her duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, the Memorandum of Association and Articles of Association of the Company, as amended and restated from time to time (the "Charter Documents"), and the guidelines, policies and procedures of the Company approved from time to time by the Board.
 - (c) The Executive shall use his/her best efforts to perform his/her duties hereunder. The Executive shall not, without the prior written consent of the Board, become an employee of any entity other than the Company and any subsidiary or affiliate of the Company, and shall not be concerned or interested in any business or entity that engages in the same business in which the Company engages (any such business or entity, a "Competitor"), provided that nothing in this clause shall preclude the Executive from holding any shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere if such shares or securities represent less than 5% of the competitors outstanding shares and securities. The Executive shall notify the Company in writing of his/her interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require.
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4. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound, except for agreements entered into by and between the Executive and any member of the Group pursuant to applicable law, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his/her duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

5. COMPENSATION AND BENEFITS

- (a) Base Salary. The Executive's initial base salary shall be \$50,000 per year, paid in periodic installments in accordance with the Company's regular payroll practices, and such compensation is subject to annual review and adjustment by the Board.
- (b) Bonus. The Executive shall be eligible for Bonuses determined by the Board.
- (c) Equity Incentives. To the extent the Company adopts and maintains a share incentive plan, the Executive will be eligible to participate in such plan pursuant to the terms thereof as determined by the Board.
- (d) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan.
- (e) Expenses. The Executive shall be entitled to reimbursement by the Company for all reasonable ordinary and necessary travel and other expenses incurred by the Executive in the performance of his/her duties under this Agreement; provided that he or she properly accounts for such expenses in accordance with the Company's policies and procedures.

6. TERMINATION OF THE AGREEMENT

- (a) By the Company.
 - (i) For Cause. The Company may terminate the Employment for cause, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:
 - (1) the Executive is convicted or pleads guilty to a felony or to an act of fraud, misappropriation or embezzlement,
 - (2) the Executive has been grossly negligent or acted dishonestly to the detriment of the Company,
 - (3) the Executive has engaged in actions amounting to willful misconduct or failed to perform his/her duties hereunder and such failure continues after the Executive is afforded a reasonable opportunity to cure such failure; or
 - (4) the Executive violates Section 7 or 9 of this Agreement.

Upon termination for cause, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(ii) For death and disability. The Company may also terminate the Employment, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), upon one-month prior written notice, if:

(1) the Executive has died, or

(2) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her employment with the Company, with or without reasonable accommodation, for a period of two (2) consecutive months or three (3) months in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply.

This Agreement and Executive's employment pursuant to this Agreement, may be terminated by him or the Company on not less than thirty (30) days' written notice in the event of Executive's Disability.

Upon termination for death or disability, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination. However, the Executive will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the Executive's right to all other benefits will terminate, except as required by any applicable law.

(iii) Without Cause. The Company may terminate the Employment without cause, at any time, upon one-month prior written notice. Upon termination without cause, the Company shall provide the following severance payments and benefits to the Executive: (1) a lump sum cash payment equal to 12 months of the Executive's base salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination, if any; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination, if any; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

Upon termination without, the Executive shall be entitled to the amount of base salary earned and not paid prior to termination.

(iv) Change of Control Transaction. If the Company or its successor terminates the Employment upon a merger, consolidation, or transfer or sale of all or substantially all of the assets of the Company with or to any other individual(s) or entity (the "Change of Control Transaction"), the Executive shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to 12 months of the Executive's base salary at a rate equal to the greater of his/her annual salary in effect immediately prior to the termination, or his/her then current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of his/her target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under the Company's health plans for 12 months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity awards held by the Executive.

(b) By the Executive. The Executive may terminate the Employment at any time with a one-month prior written notice to the Company, if (1) there is a material reduction in the Executive's authority, duties and responsibilities, or (2) there is a material reduction in the Executive's annual salary. Upon the Executive's termination of the Employment due to either of the above reasons, the Company shall provide compensation to the Executive equivalent to 12 months of the Executive's base salary that he or she is entitled to immediately prior to such termination. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation is approved by the Board or an alternative arrangement with respect to the Employment is agreed to by the Board.

- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

7. CONFIDENTIALITY AND NON-DISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of the Employment and after his/her termination, to hold in the strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, corporation or other entity without prior written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Company, its affiliates, or their respective clients, customers or partners, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers, supplier lists and suppliers, software developments, inventions, processes, formulas, technology, designs, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, franchisees, distributors and other persons with whom the Company does business, information regarding the skills and compensation of other employees of the Company or other business information disclosed to the Executive by or obtained by the Executive from the Company, its affiliates, or their respective clients, customers or partners, either directly or indirectly, in writing, orally or otherwise, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with his/her work or using the facilities of the Company are property of the Company and subject to inspection by the Company at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to his/her work with the Company and will provide written certification of his/her compliance with this Agreement. Under no circumstances will the Executive have, following his/her termination, in his/her possession any property of the Company, or any documents or materials or copies thereof containing any Confidential Information.
- (c) Former Employer Information. The Executive agrees that he or she has not and will not, during the term of his/her employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such third party.

This Section 7 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 7, the Company shall have right to seek remedies permissible under applicable law.

8. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the term of his/her employment with the Company, he or she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

9. NON-COMPETITION AND NON-SOLICITATION

In consideration of the salary paid to the Executive by the Company and subject to applicable law, the Executive agrees that during the term of the Employment and for a period of two (2) year following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company for the purposes of doing business with such persons or entities which will harm the business relationship between the Company and such persons and/or entities;
- (b) The Executive will not assume employment with or provide services as a director or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor; and
- (c) The Executive will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any employee of the Company employed during the two (2) year period prior to the date of such termination;

The provisions contained in Section 9 are considered reasonable by the Executive and the Company. In the event that any such provisions should be found to be void under applicable laws but would be valid if some part thereof was deleted or the period or area of application reduced, such provisions shall apply with such modification as may be necessary to make them valid and effective;

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Executive acknowledges that there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company shall have right to seek all remedies permissible under applicable law;

- (d) The Executive will not be employed by or otherwise serve (including but not limited to as a director of the board, a founder or co-founder) in any other entities in the industry or business of logistic transmission system or warehouse AGV;
- (e) The Executive will not solicit for himself or any other person or entity other than the Company the business of any person or entity which is a customer or client of the Company, or was a customer or client of the Company within one (1) year prior to the termination of his employment

10. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

11. ASSIGNMENT

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent, and (ii) in the event of a Change of Control Transaction, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

12. SEVERABILITY

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

13. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter, including any prior agreements between the Executive and a member of the Group. The Executive acknowledges that he or she has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

14. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of New York and each of the parties irrevocably consents to the jurisdiction and venue of the federal and state courts located in New York.

15. AMENDMENT

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

16. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

17. NOTICES

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.

18. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

19. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, he or she has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

Greenland Acquisition Corporation

By: /s/ Yanming Liu
Name: Yanming Liu
Title: Chief Executive Officer

Executive

Signature: Jing Jin
Name: Jing Jin

**CODE OF BUSINESS CONDUCT AND ETHICS OF
GREENLAND TECHNOLOGIES HOLDING CORPORATION**

INTRODUCTION

Purpose

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of Greenland Technologies Holding Corporation, a British Virgin Islands company (the “Company”), consistent with the highest standards of business ethics. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code applies to all of the directors, officers, and employees of the Company and its subsidiaries (which, unless the context otherwise requires, are collectively referred to as the “Company” in this Code). We refer to all persons covered by this Code as “Company employees” or simply “employees.” We also refer to our chief executive officer and our chief financial officer as our “principal financial officers.”

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Compliance Officer of the Company, who shall be a person appointed by the Board of Directors of the Company. The [] of the Company, who is currently [], has been appointed by the Board of Directors of the Company as the Compliance Officer for the Company. [] can be reached at [] and []. The Company will notify you if the Board of Directors appoints a different Compliance Officer. You may remain anonymous and will not be required to reveal your identity in your communication to the Company.

Reporting Violations of the Code

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Compliance Officer, who will work with you and your supervisor to investigate the matter. If you do not feel comfortable reporting the matter to your supervisor or you do not get a satisfactory response, you may contact the Compliance Officer directly. Employees making a report need not leave their name or other personal information and reasonable efforts will be used to conduct the investigation that follows from the report in a manner that protects the confidentiality and anonymity of the employee submitting the report. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Compliance Officer and the Company will protect your confidentiality to the extent possible, consistent with law and the Company’s need to investigate your report.

It is the Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Policy Against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Waivers of the Code

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by our Board of Directors or the appropriate committee of our Board of Directors and will be disclosed to the public as required by law or the rules of the NYSE American.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- Outside Employment. No employee should be employed by, serve as a director of, or provide any services not in his or her capacity as a Company employee to a company that is a material customer, supplier, or competitor of the Company.
- Improper Personal Benefits. No employee should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.

- Financial Interests. No employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. A “significant financial interest” means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.
- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee’s objectivity in making decisions on behalf of the Company. For purposes of this Code, “family members” include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption.

For purposes of this Code, a company is a “material” customer if that company has made payments to the Company in the past year in excess of US\$100,000 or 10% of the customer’s gross revenues, whichever is greater. A company is a “material” supplier if that company has received payments from the Company in the past year in excess of US\$100,000 or 10% of the supplier’s gross revenues, whichever is greater. A company is a “material” competitor if that company competes in the Company’s line of business and has annual gross revenues from such line of business in excess of US\$500,000. If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Compliance Officer for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Compliance Officer. Your supervisor and the Compliance Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in “Waivers of the Code” above.

CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property, information, or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee may use corporate property, information, or his or her position with the Company for personal gain or should compete with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

Confidential Information and Company Property

Employees have access to a variety of confidential information while employed at the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Every employee has a duty to respect and safeguard the confidentiality of the Company's information and the information of our suppliers and customers, except when disclosure is authorized or legally mandated. In addition, you must refrain from using any confidential information from any previous employment if, in doing so, you could reasonably be expected to breach your duty of confidentiality to your former employers. An employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Employees also have a duty to protect the Company's intellectual property and other business assets. The intellectual property, business systems and the security of the Company property are critical to the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Compliance Officer.

Safeguarding Confidential Information and Company Property

Care must be taken to safeguard and protect confidential information and Company property. Accordingly, the following measures should be adhered to:

- The Company's employees should conduct their business and social activities so as not to risk inadvertent disclosure of confidential information. For example, when not in use, confidential information should be secretly stored. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, buses, etc.) should be conducted so as to prevent overhearing or other access by unauthorized persons.
- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.
- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives including those living in the same household as a Company employee.
- The Company's employees are only to access, use, and disclose confidential information that is necessary for them to have in the course of performing their duties. They are not to disclose confidential information to other employees or contractors at the Company unless it is necessary for those employees or contractors to have such confidential information in the course of their duties.
- The Company's files, personal computers, networks, software, internet access, internet browser programs, emails, voice mails, and other business equipment (e.g. desks and cabinets) and resources are provided for business use and they are the exclusive property of the Company. Misuse of such Company property is not tolerated.

COMPETITION AND FAIR DEALING

All employees are obligated to deal fairly with fellow employees and with the Company's customers, suppliers and competitors. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly, and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.
- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for customer purchase decisions. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service, and reputation, among other factors. Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier's products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- exercise reasonable care to prevent theft, damage or misuse of Company property;
- report the actual or suspected theft, damage or misuse of Company property to a supervisor;
- use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes;
- safeguard all electronic programs, data, communications and written materials from inadvertent access by others; and
- use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of Company property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
 - The items are of reasonable value;
 - The purpose of the meeting or attendance at the event is business related; and
 - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

You must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks, or other improper payments. See “The Foreign Corrupt Practices Act” below for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Compliance Officer for additional guidance.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company we are subject to various securities laws, regulations and reporting obligations. These laws, regulations and obligations and our policies require the disclosure of accurate and complete information regarding the Company’s business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

It is essential that the Company’s financial records, including all filings with the Securities and Exchange Commission (“SEC”) be accurate and timely. Accordingly, in addition to adhering to the conflict of interest policy and other policies and guidelines in this Code, the principal financial officers and other senior financial officers must take special care to exhibit integrity at all times and to instill this value within their organizations. In particular, these senior officers must ensure their conduct is honest and ethical that they abide by all public disclosure requirements by providing full, fair, accurate, timely and understandable disclosures, and that they comply with all other applicable laws and regulations. These financial officers must also understand and strictly comply with generally accepted accounting principles in the U.S. and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

In addition, U.S. federal securities law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

COMPLIANCE WITH INSIDER TRADING LAWS

The Company has an insider trading policy, which may be obtained from the Compliance Officer. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Company employees are prohibited from trading in shares or other securities of the Company while in possession of material, nonpublic information about the Company. In addition, Company employees are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell shares or other securities of the Company on the basis of material, nonpublic information. Company employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in shares or securities of the other company while in possession of such information or "tipping" others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Information is "non-public" if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is "material" if a reasonable investor would consider it important in a decision to buy, hold or sell stock or other securities. As a rule of thumb, any information that would affect the value of stock or other securities should be considered material. Examples of information that is generally considered "material" include:

- Financial results or forecasts, or any information that indicates the Company's financial results may exceed or fall short of forecasts or expectations;

- Important new products or services;
- Pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;
- Possible management changes or changes of control;
- Pending or contemplated public or private sales of debt or equity securities;
- Acquisition or loss of a significant customer or contract;
- Significant write-offs;
- Initiation or settlement of significant litigation; and
- Changes in the Company's auditors or a notification from its auditors that the Company may no longer rely on the auditor's report.

The laws against insider trading are specific and complex. Any questions about information you may possess or about any dealings you have had in the Company's securities should be promptly brought to the attention of the Compliance Officer.

PUBLIC COMMUNICATIONS AND PREVENTION OF SELECTIVE DISCLOSURE

Public Communications Generally

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Company's Investor Relations Department. The Investor Relations Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Selective disclosure" occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally. Selective disclosure is a crime under United States law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure. Every employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the chief executive officer, chief financial officer or persons designated by them (collectively, the “Media Contacts”).
- Other than the Media Contacts, no officer, director or employee shall provide any information regarding the Company or its business to any investment analyst or member of the press or media.
- All inquiries from third parties, such as industry analysts or members of the media, about the Company or its business should be directed to a Media Contact. All presentations to the investment community regarding the Company will be made by us under the direction of a Media Contact.
- Other than the Media Contacts, any employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with “No comment” and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Please contact the Compliance Officer if you have any questions about the scope or application of the Company’s policies regarding selective disclosure.

THE FOREIGN CORRUPT PRACTICES ACT

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the “FCPA”) prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickbacks or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is “routine” if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, “routine” functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

ENVIRONMENT, HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which we do business. Company employees must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer if you have any questions about the laws, regulations and policies that apply to you.

Environment

All Company employees should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials. Employees whose jobs involve manufacturing have a special responsibility to safeguard the environment. Such employees should be particularly alert to the storage, disposal and transportation of waste, and handling of toxic materials and emissions into the land, water or air.

Health and Safety

The Company is committed not only to complying with all relevant health and safety laws, but also to conducting business in a manner that protects the safety of its employees. All employees are required to comply with all applicable health and safety laws, regulations and policies relevant to their jobs. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the Human Resources Department.

EMPLOYMENT PRACTICES

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of our detailed policies are available from the Human Resources Department. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer or the Human Resources Department if you have any questions about the laws, regulations and policies that apply to you.

Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, gender (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Human Resources Department. All complaints will be treated with sensitivity and discretion. Your supervisor, the Human Resources Department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a complaint.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Human Resources Department immediately.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer. We expect all Company employees to adhere to these standards.

This Code of Business Conduct and Ethics, as applied to the Company's principal financial officers, shall be the Company's "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

RESIGNATION LETTER

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 100006

Re: Resignation

Dear Board of Directors:

I hereby resign as the Director of Greenland Acquisition Corporation (the "Company") effective immediately. My resignation is for personal reasons and not the result of any disagreement with the Company.

I confirm that no money are owing to me by way of fees, salaries and other expenses and I have no claim for compensation or otherwise against the Company.

Sincerely,

October 24, 2019

By: /s/ Jiang Pu

Name: Jiang Pu

RESIGNATION LETTER

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 100006

Re: Resignation

Dear Board of Directors:

I hereby resign as the Director of Greenland Acquisition Corporation (the "Company") effective immediately. My resignation is for personal reasons and not the result of any disagreement with the Company.

I confirm that no money are owing to me by way of fees, salaries and other expenses and I have no claim for compensation or otherwise against the Company.

Sincerely,

October 24, 2019

By: /s/ Yu Chen

Name: Yu Chen

RESIGNATION LETTER

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 100006

Re: Resignation

Dear Board of Directors:

I hereby resign as the Director of Greenland Acquisition Corporation (the "Company") effective immediately. My resignation is for personal reasons and not the result of any disagreement with the Company.

I confirm that no money are owing to me by way of fees, salaries and other expenses and I have no claim for compensation or otherwise against the Company.

Sincerely,

October 24, 2019

By: /s/ Shan Cui

Name: Shan Cui

RESIGNATION LETTER

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 100006

Re: Resignation

Dear Board of Directors:

I hereby resign as the Chief Executive Officer of Greenland Acquisition Corporation (the "Company") effective immediately. My resignation is for personal reasons and not the result of any disagreement with the Company.

I confirm that no money are owing to me by way of fees, salaries and other expenses and I have no claim for compensation or otherwise against the Company.

Sincerely,

October 24, 2019

By: /s/ Yanming Liu

Name: Yanming Liu

RESIGNATION LETTER

Greenland Acquisition Corporation
Suite 906, Tower W1, Oriental Plaza
No. 1 East Chang'an Street, Dongcheng District
Beijing, People's Republic of China 100006

Re: Resignation

Dear Board of Directors:

I hereby resign as the Chief Financial Officer of Greenland Acquisition Corporation (the "Company") effective immediately. My resignation is for personal reasons and not the result of any disagreement with the Company.

I confirm that no money are owing to me by way of fees, salaries and other expenses and I have no claim for compensation or otherwise against the Company.

Sincerely,

October 24, 2019

By: /s/ River Chi

Name: River Chi

**GREENLAND TECHNOLOGIES HOLDING CORPORATION
SUBSIDIARIES OF THE REGISTRANT**

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Zhongchai Holding (Hong Kong) Limited	Hong Kong
Hangzhou Greenland Robotics Technologies Co., Ltd.	People's Republic of China
Zhejiang Zhongchai Machinery Co., Ltd.	People's Republic of China
Zhejiang Shengte Transmission Co., Ltd.	People's Republic of China
Shanghai Hengyu Enterprise Management Consulting Co., Ltd.	People's Republic of China

**ZHONGCHAI HOLDING (HONG KONG) LIMITED
AND SUBSIDIARIES**

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ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2019 (UNAUDITED) AND DECEMBER 31, 2018
(IN U.S. DOLLARS)

	June 30	December 31,
	2019	2018
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,714,552	\$ 3,377,564
Restricted cash	562,945	3,405,044
Notes receivables	14,972,902	16,342,689
Accounts receivable, net of allowance for doubtful accounts of \$1,018,588 and \$906,138, respectively	12,856,480	10,176,069
Inventories (net of provision for slow moving inventory of \$193,906 and \$178,107, respectively)	12,419,855	12,400,474
Advance to suppliers	49,345	32,878
Prepayments and Other current assets	236,090	2,511,124
Total Current Assets	\$ 45,812,169	\$ 48,245,842
Non-current asset		
Property, plant and equipment, net	21,046,378	20,451,129
Construction in progress	280,667	1,607,324
Land use rights, net	3,964,270	3,888,756
Due from related parties	34,030,261	32,861,718
Deferred tax assets	533,908	578,652
Goodwill	3,947	3,954
Other non-current assets	801,836	2,913
Total non-current assets	\$ 60,661,267	\$ 59,394,446
TOTAL ASSETS	\$ 106,473,436	\$ 107,640,288

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF JUNE 30, 2019 (UNAUDITED) AND DECEMBER 31, 2018
(IN U.S. DOLLARS)

	June 30 2019	December 31, 2018
	(Unaudited)	
Current Liabilities		
Notes payable-bank acceptance notes	\$ 12,433,153	\$ 17,120,504
Short-term bank loans	19,059,464	19,620,585
Accounts payable	16,710,619	14,971,444
Taxes payables	97,675	155,346
Customer deposits	62,941	68,588
Due to related parties	3,617,753	3,309,998
Other current liabilities	2,706,477	4,203,881
Long-term payables – current portion	2,556,449	—
Total current liabilities	\$ 57,244,531	\$ 59,450,346
Long-term liabilities		
Long-term bank loans	1,818,235	6,556,708
Long-term payables	2,670,621	—
Other long-term liabilities	2,206,984	1,994,366
Total long-term liabilities	\$ 6,695,840	\$ 8,551,074
TOTAL LIABILITIES	\$ 63,940,371	\$ 68,001,420
EQUITY		
Ordinary shares, \$0.00129 par value, 1,000,000 shares authorized	1,290	1,290
Additional paid-in capital	12,300,015	12,300,015
Retained earnings	21,863,375	19,191,427
Accumulated other comprehensive income	447,218	525,483
Total shareholders' equity	\$ 34,611,898	\$ 32,018,215
Non-controlling interest	7,921,167	7,620,653
TOTAL EQUITY	\$ 42,533,065	\$ 39,638,868
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 106,473,436	\$ 107,640,288

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED, IN U.S. DOLLARS)

	For the six months ended June 30,	
	2019	2018
REVENUES	\$ 28,550,770	\$ 36,005,561
COST OF GOODS SOLD	21,925,996	26,756,080
GROSS PROFIT	6,624,774	9,249,481
Selling expenses	598,096	595,928
General and administrative expenses	890,293	1,270,563
Research and development expenses	1,150,779	1,190,476
Total operating expenses	\$ 2,639,168	\$ 3,056,967
INCOME FROM OPERATIONS	\$ 3,985,606	\$ 6,192,514
Interest income	13,093	15,214
Interest expense	(877,543)	(831,074)
Other income	462,047	292,749
INCOME BEFORE INCOME TAX	\$ 3,583,203	\$ 5,669,403
INCOME TAX	576,951	984,051
NET INCOME	\$ 3,006,252	\$ 4,685,352
OTHER COMPREHENSIVE LOSS		
Foreign currency translation loss	(112,055)	(599,437)
TOTAL OTHER COMPREHENSIVE LOSS	(112,055)	(599,437)
TOTAL COMPREHENSIVE INCOME	<u>2,894,197</u>	<u>4,085,915</u>
NET INCOME ATTRIBUTABLE TO ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES	\$ 2,671,948	\$ 4,182,074
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	334,304	503,278
NET INCOME	\$ 3,006,252	\$ 4,685,352
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	2,894,197	4,085,915
OWNERS OF ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES	2,593,683	3,815,838
NONCONTROLLING INTEREST	\$ 300,514	\$ 270,077
EARNINGS PER ORDINARY SHARE		
Basic and diluted	2.67	4.18

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED, IN U.S. DOLLARS, EXCEPT FOR SHARE DATA)

Total Zhongchai Holding (Hong Kong) Limited Shareholders' Equity

	Ordinary Shares \$0.00129 Par Value		Additional Paid-in Capital	Treasury stock		Accumulated Other Comprehensive Income/(loss)	Statutory Reserve	Retained Earnings	Non-controlling Interest	Total
	Shares	Amount		Shares	Amount					
Balance at December 31, 2017 (Audited)	1,000,000	1,290	12,300,015	—	—	1,573,232	—	13,308,953	7,895,112	35,078,602
Net income	—	—	—	—	—	—	—	4,182,074	503,278	4,685,352
Foreign currency translation adjustment	—	—	—	—	—	(366,236)	—	—	(233,201)	(599,437)
Balance at June 30, 2018 (Unaudited)	1,000,000	1,290	12,300,015	—	—	1,206,996	—	17,491,027	8,165,189	39,164,517
Balance at December 31, 2018 (Audited)	1,000,000	1,290	12,300,015	—	—	525,483	—	19,191,427	7,620,653	39,638,868
Net income	—	—	—	—	—	—	—	2,671,948	334,304	3,006,252
Foreign currency translation adjustment	—	—	—	—	—	(78,265)	—	—	(33,790)	(112,055)
Balance at June 30, 2019 (Unaudited)	1,000,000	\$ 1,290	\$12,300,015	—	—	\$ 447,218	—	\$21,863,375	\$ 7,921,167	\$ 42,533,065

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED, IN U.S. DOLLARS)

	For the six months ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,006,252	\$ 4,685,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,141,549	570,479
Loss on disposal of property and equipment	99	9,048
Allowance for doubtful accounts	31,490	629,753
Investment (loss)	(82,447)	(142,241)
Changes in operating assets and liabilities:		
Increase (Decrease) In:		
Accounts receivable	(2,854,451)	(10,401,860)
Notes receivable	1,395,085	5,461,101
Inventories	(171,162)	(3,036,170)
Advance to suppliers	(16,775)	35,277
Other current and noncurrent assets	313,325	(198,495)
Deferred tax assets	44,434	(110,153)
Due from related parties	397	(579,075)
Increase (Decrease) In:		
Accounts payable	2,193,016	5,474,291
Notes payable	(1,849,907)	(1,743,245)
Customer deposits	(5,616)	(286,270)
Other current liabilities	(36,589)	(253,042)
Income tax payable	(58,285)	(589,735)
Due to related parties	(39,258)	323,753
Other long-term liabilities	219,278	326,552
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,230,435	\$ 175,320

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED, IN U.S. DOLLARS)

	For the six months ended June 30,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of plant and equipment	\$ (826,008)	\$ (3,769,920)
Proceeds from sale of property, plant and equipment	—	2,273
Purchases of land use rights and other intangible assets	(128,335)	—
Short term investment in cash management products	2,215,167	6,184,437
Collection of Investment income	82,447	142,241
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 1,343,271	\$ 2,559,031
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	\$ 17,674,075	\$ 3,131,361
Repayments of short-term bank loans	(18,210,145)	(391,420)
Repayments of long-term bank loans	(4,799,527)	—
Bank acceptance deposit	(2,879,623)	(363,514)
Loans from related parties	1,993,650	—
Repayment of loans from related parties	(1,476,778)	—
Repayment of loans from third parties	(1,476,778)	(2,677,313)
Dividend paid	(1,407,172)	—
Proceeds from long-term payables	6,172,931	—
Deposits for the long-term payables	(819,612)	—
Repayment of long-term payables	(678,182)	—
Financing expense for the long-term payables	(187,939)	—
NET CASH USED IN FINANCING ACTIVITIES	\$ (6,095,100)	\$ (300,886)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	\$ (1,521,394)	\$ 2,433,465
Effect of exchange rate changes on cash	16,283	(77,642)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	6,782,608	5,194,071
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 5,277,497	\$ 7,549,894
Bank balances and cash	4,714,552	4,066,861
Bank balances and cash included in assets classified as restricted cash	562,945	3,483,033
SUPPLEMENTARY CASH FLOW INFORMATION		
Income taxes paid	431,798	1,683,939
Interest paid	678,732	957,660

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND PRINCIPAL ACTIVITIES

Zhongchai Holding (Hong Kong) Limited, (“Zhongchai Holding” or the “Company”) was established on April 23, 2009 in Hong Kong Special Administrative Region of the People’s Republic of China.

The Company’s Shareholders

Currently, Cenntro Holding Limited owns 100% of Zhongchai Holding’s outstanding ordinary shares. Cenntro Holding Limited is controlled and beneficially owned by Mr. Peter Zuguang Wang, chairman of the Company.

The Company’s Subsidiaries

Zhejiang Zhongchai Machinery Co., Ltd. (“Zhejiang Zhongchai”), the subsidiary of the Company, is the sole shareholder of Zhejiang Shengte Transmission Co., Ltd. (“Shengte”). Zhejiang Zhongchai also owns 62.5% of Shanghai Hengyu Enterprise Management Consulting Co., Ltd. (“Hengyu”). Hangzhou Greenland Robotics Technologies Co., Ltd. (“Hangzhou Greenland”) is a wholly-owned subsidiary of the Company.

Zhejiang Zhongchai

Zhejiang Zhongchai, a limited liability company registered on November 21, 2005, is the direct operating subsidiary of Zhongchai Holding in China. 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. Mengxing He, president of Zhejiang Zhongchai, closed its investment of approximately RMB31,590,000 in Zhejiang Zhongchai for 10.53% of its interest. As of June 30, 2019, 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 engaged 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, fulfillment 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, China and are sold to both domestic and oversea markets. The Company plans to move to its new factory in Zhejiang Province, China, by the end of 2019.

Shengte

Shengte is a limited liability company registered on February 24, 2006 in Xinchang High-Tech Industrial Park, Zhejiang, China.

Shengte manufactures parts of transmission boxes for Zhejiang Zhongchai. All the parts are manufactured in the Company’s Xinchang facility and are sold internally to Zhejiang Zhongchai.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — ORGANIZATION AND PRINCIPAL ACTIVITIES (cont.)

Hengyu

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

As of June 30, 2019, the subsidiaries of the Company were as follows:

Name	Domicile and Date of Incorporation	Paid-in Capital		Percentage of Effective Ownership	Principal Activities
Zhejiang Zhongchai Machinery Co., Ltd.	PRC November 21, 2005	USD	28,612,943	89.47%	Manufacture, sale of various transmission boxes
Zhejiang Shengte Transmission Co., Ltd.	PRC February 24, 2006	RMB	5,000,000	89.47%	Manufacture and sale of parts of transmission box
Shanghai Hengyu Enterprise Management Consulting Co., Ltd.	PRC September 10, 2015	RMB	251,500,000	55.92%	Investment management and consulting services.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Zhongchai Holding (Hong Kong) Limited and its subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). Intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of the consolidated and combined 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.

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.

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”). The consolidated financial statements are translated into United States dollars from RMB at year-end exchange rates as to assets and liabilities and average exchange rates as to revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transactions occurred. The resulting transaction adjustments are recorded as a component of shareholders’ equity. Gains and losses from foreign currency transactions are included in net income.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

	For the six months ended June 30,	
	2019	2018
Period end RMB: US\$ exchange rate	6.8748	6.6166
Period average RMB: US\$ exchange rate	6.7715	6.3870

The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at the rates used in translation.

Revenue Recognition

In accordance with the 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 own 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 delivery, 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 started adoption of ASC 606 for the fiscal year ended December 31, 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 predominantly short-term in nature with a contract term of one year or less. For those contracts, the Company has utilized the practical expedient in ASC Topic 606 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. Receivables are recorded when the Company has an unconditional right to consideration.

Contracts do not offer any chargeback or price protection. The Company experienced no product returns and recorded no reserve for sales returns for the six months ended June 30, 2019 and 2018, respectively.

The following table sets forth disaggregation of revenue:

	For the six months ended June 30,	
	2019	2018
Major Product		
Transmission boxes for Forklift	25,778,879	31,131,229
Transmission boxes for Non-Forklift (EV, etc.)	2,771,891	4,874,332
Total	28,550,770	36,005,561

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Cost of Goods Sold

Cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, warehousing 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 market 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 \$1,150,779 and \$1,190,476 for the six months ended June 30, 2019 and 2018, respectively. Research and development costs are incurred on a project specific basis.

Retirement Benefits

Retirement benefits in the form of contributions under defined contribution retirement plans to the relevant authorities are charged to operations as incurred. Retirement benefits of \$98,563 and \$120,306 were charged to operations for the six months ended June 30, 2019 and 2018, 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.

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 June 30, 2019, the Company did not have a liability for unrecognized tax benefits. It is unlikely that the amount of liability for unrecognized tax benefits will significantly change over the next 12 months. 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 always remain open for examination by the local authorities.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 Chinese 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.

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 (loss) consists of foreign currency translation. The Company presents comprehensive income (loss) in accordance with ASC Topic 220, "Comprehensive Income". ASC Topic 220 states that all items that are required to be recognized under accounting standards as components of comprehensive income (loss) be reported in the consolidated financial statements.

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents. The Company maintains no bank account in the United States of America. The Company maintains its bank accounts in China. Balances at financial institutions or state-owned banks within China are not covered by insurance. However, the Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Restricted Cash

Restricted cash represents amounts held by a bank as security for bank acceptance notes and therefore is not available for the Company's use until such time as the bank acceptance notes 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.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

The company's financial 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 bond 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.

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 common 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 common shares that would have been outstanding if the potential ordinary shares equivalents had been issued and if the additional common shares were dilutive.

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. 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 \$1,018,588 and \$906,138 as of June 30, 2019 and December 31, 2018, 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 June 30, 2019 and December 31, 2018, the Company had reserves for inventories of \$193,906 and \$178,107, respectively.

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 \$49,345 as of June 30, 2019, of which \$47,085 aged within one year and \$1,616 between one and two years. The balance of advance to suppliers was \$32,878 as of December 31, 2018, of which \$31,655 aged within one year and \$578 between one and two years.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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
Fixed Assets decoration	5 years

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.

No impairment loss is subsequently reversed even if facts and circumstances indicate recovery. There was no impairment loss recognized for the six months ended June 30, 2019 and 2018.

Segments and Related Information

ASC 280-10-50, "Operating Segments", define the characteristics of an operating segment as a) being engaged in business activity from which it may earn revenues and incur expenses, b) being reviewed by the Company's chief operating decision maker ("CODM") for decisions about resources to be allocated and assess its performance and c) having discrete financial information. Although the Company indeed looks at its products to analyze the nature of its revenues, other financial information, such as certain costs and expenses and net income are not captured or analyzed by these categories. Therefore, discrete financial information is not available by product line and the Company has no CODM to make resource allocation decisions or assess the performance of the business based on these categories, but rather in the aggregate. Based on this, management believes that the Company operates in one business segment.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In the analysis of product lines as potential operating segments, management also considered ASC 280-10-50-11, “Aggregation Criteria”, which allows for the aggregation of operating segments if the segments have similar economic characteristics and if the segments are similar in each of the following areas:

- the nature of the products and services;
- the nature of the production processes;
- the type or class of customer for their products and services;
- the methods used to distribute their products or provide their services; and
- the nature of the regulatory environment, if applicable.

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 China. 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.

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.

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.

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 a 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.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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. The ASUs are effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASUs is modified Caretrospective. The Company is currently evaluating the impact of the adoption of ASU 2016-13 on the Company’s consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory, which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to an outside party. The Company started adoption of ASU 2016-16 for the fiscal year ended December 31, 2017. The impact of adoption on the Company’s Consolidated Financial Statements for any period presented is not material.

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (“ASU”) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard) while finance leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard). The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for a public business entity. Early application of the amendments in this Update is permitted for all entities. As of December 31, 2018, the Company concluded its nominal “sale-leaseback” transaction does not qualify for sale-leaseback accounting in accordance with ASC 840-40-25-11 and shall record under the lease financing method. Under the lease financing method, the assets remain on the Company’s consolidated balance sheet and the proceeds from the transactions are recorded as a financing liability. The Company started adoption of ASU 2016-02 for the fiscal year ended December 31, 2019, including interim periods within those fiscal years. Under ASC 842, the Company concluded the transactions do not qualify for the sale-leaseback accounting in accordance with ASC 842-40-25-5 and shall not derecognize the transferred asset and shall account for any amounts received as a financial liability. Thus, the impact of adoption on the Company’s Consolidated Financial Statements for any period presented is not material.

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. This ASU will be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for any impairment tests performed after January 1, 2017. The Company does not expect the adoption will have a material impact on the Consolidated Financial Statements.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 is currently evaluating the impact of adoption on the Consolidated Financial Statements.

NOTE 3 — CONCENTRATION ON REVENUES AND COST OF GOODS SOLD

Concentration of major customers and suppliers:

	For the six months ended June 30,			
	2019		2018	
Major customers representing more than 10% of the Company's revenues				
Company A	\$ 4,024,316	14.10%	\$ 5,459,380	15.16%
Total Revenues	\$ 4,024,316	14.10%	\$ 5,459,380	15.16%
	As of			
	June 30,		December 31,	
	2019		2018	
Major customers representing more than 10% of the Company's accounts receivable				
Company A	811,000	5.85%	892,651	8.05%
Company B	215,637	1.55%	1,276,086	11.51%
Company C	1,210,669	8.73%	1,147,108	10.35%
Company D	1,336,657	9.63%	—	—%
Total	\$ 3,573,963	25.76%	\$ 3,315,845	29.91%

Accounts receivable from the Company's major customers accounted for 25.76% and 29.91% of total accounts receivable balances as of June 30, 2019 and December 31, 2018, respectively.

There were no suppliers representing more than 10% of the Company's total purchases for the six months ended June 30, 2019 and 2018, respectively.

NOTE 4 — ACCOUNTS RECEIVABLE

Accounts receivable is net of allowance for doubtful accounts.

	As of	
	June 30, 2019	December 31, 2018
Accounts receivable	\$ 13,875,068	\$ 11,082,207
Less: allowance for doubtful accounts	(1,018,588)	(906,138)
Accounts receivable, net	\$ 12,856,480	\$ 10,176,069

Changes in the allowance for doubtful accounts are as follows:

	For the six months ended June 30,	
	2019	2018
Beginning balance	\$ 906,138	\$ 651,248
Provision for doubtful accounts	112,450	683,601
Ending balance	\$ 1,018,588	\$ 1,334,849

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 — INVENTORIES

	As of	
	June 30, 2019	December 31, 2018
Raw materials	\$ 4,268,422	\$ 5,055,940
Revolving material	675,251	573,907
Consigned processing material	45,044	33,470
Work-in-progress	1,880,707	2,020,295
Finished goods	3,568,587	3,752,899
Goods in transit	2,175,750	1,142,070
Less: reserve for inventories	(193,906)	(178,107)
Inventories, net	\$ 12,419,855	\$ 12,400,474

NOTE 6 — NOTES RECEIVABLE

	As of	
	June 30, 2019	December 31, 2018
Bank notes receivable:	\$ 13,920,069	\$ 14,048,004
Commercial notes receivable	980,104	1,021,226
Endorsed but undue notes	72,729	1,273,459
Total	\$ 14,972,902	\$ 16,342,689

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 face amount from the issuer at maturity, which bears no interest and generally ranges from three to six months from the date of issuance. As of June 30, 2019, the Company pledged notes receivable for an aggregate amount of \$11,510,814 to Bank of Communications as a means of security for issuance of bank acceptance notes for an aggregate amount of \$10,556,734. As of December 31, 2018, the Company pledged notes receivable for an aggregate amount of \$9,190,808 to Bank of Communications as a means of security for issuance of bank acceptance notes for an aggregate amount of \$7,713,085.

NOTE 7 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	As of	
	June 30, 2019	December 31, 2018
Buildings	\$ 10,694,834	\$ 10,330,265
Machinery	20,049,225	18,753,984
Motor vehicles	258,209	258,646
Electronic equipment	106,424	106,542
Fixed assets decoration	197,752	198,085
Total property plant and equipment, at cost	31,306,444	29,647,522
Less: accumulated depreciation		
Buildings	(439,670)	(172,171)
Machinery	(9,455,470)	(8,671,117)
Motor vehicles	(209,074)	(205,339)
Electronic equipment	(79,996)	(75,666)
Fixed assets decoration	(75,856)	(72,100)
	(10,260,066)	(9,196,393)
Property, plant and equipment, net	\$ 21,046,378	\$ 20,451,129

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 — LAND USE RIGHTS

Land use rights consisted of the following:

	As of	
	June 30, 2019	December 31, 2018
Land use rights, cost	\$ 4,478,472	\$ 4,356,216
Less: Accumulated amortization	(514,202)	(467,460)
Land use rights, net	\$ 3,964,270	\$ 3,888,756

As of June 30, 2019, there was land use rights with net book value of \$3,964,270, out of which approximately \$2,239,709 were used as collateral for the Company's short-term bank loans. As of December 31, 2018, there was land use rights with net book value of \$3,888,756, out of which approximately \$3,744,139 were used as collateral for the Company's short-term bank loans.

NOTE 9 — NOTES PAYABLE

	As of	
	June 30, 2019	December 31, 2018
Bank acceptance notes	\$ 12,433,153	\$ 17,120,504
Total	\$ 12,433,153	\$ 17,120,504

The interest-free notes payable, ranging from six months to one year from the date of issuance, were secured by \$562,945 and \$3,405,044 restricted cash, as of June 30, 2019 and December 31, 2018, 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.

NOTE 10 — SHORT TERM BANK LOANS

Short-term loans are summarized as follow:

	As of	
	June 30, 2019	December 31, 2018
Collateralized bank loans	\$ 10,057,020	\$ 7,766,057
Guaranteed bank loans	9,002,444	11,854,528
Total	\$ 19,059,464	\$ 19,620,585

All short term bank loans are obtained from local banks in China and are repayable within one year. Normally banks will renew the loan facilities but will require full repayment on maturity under existing loan facility and then drawdown under the new facility.

The average annual interest rate of the short-term bank loans was 4.900% and 5.119% for the six months ended June 30, 2019 and 2018, respectively. The Company was in compliance with their financial covenants at June 30, 2019 and 2018, respectively.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 — LONG-TERM BANK LOANS

Long-term loans are summarized as follow:

	As of	
	June 30, 2019	December 31, 2018
Guaranteed bank loans – Bank of Hangzhou	\$ 1,818,235	\$ 6,556,708
Total	\$ 1,818,235	\$ 6,556,708

Long-term loans as of June 30, 2019 are as follow:

Maturity Date	Type	Bank Name	Interest Rate per Annum (%)	June 30, 2019
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.70	727,294
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.70	1,090,941
Total				\$ 1,818,235

Long-term loans as of December 31, 2018 are as follow:

Maturity Date	Type	Bank Name	Interest Rate per Annum (%)	December 31, 2018
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 3,642,616
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 2,914,092
Total				\$ 6,556,708

NOTE 12 — LONG-TERM PAYABLES

	As of June 30, 2019
Long-term payables – current portion	\$ 2,556,449
Long-term payables – non-current portion	2,670,621
Total	\$ 5,227,070

On December 19, 2018, Zhejiang Zhongchai conducted a “sale and leaseback” transaction with Shanghai Dingce Financial Leasing Co., Ltd. (hereinafter referred to as “Dingce”), under which Zhongchai nominally ‘sold’ a set of manufacturing equipment (with original value of RMB54,946,372) to Dingce for RMB25,000,000, and hence leased the equipment back. Simultaneously Zhejiang Zhongchai pledged the leased equipment with Dingce as a security. Term of the lease is 36 months starting from January 3, 2019 to January 2, 2022, and total rental payment under the lease contract adds up to RMB28,179,685. The two shareholders of Zhejiang Zhongchai, namely Zhongchai Holding and Jiuxin, respectively, pledged 8.947% and 1.053% of their ownership interest in Zhejiang Zhongchai with Dingce on January 2, 2019 and December 21, 2018, respectively, as security for the lease transaction, representing US\$2,560,000 and \$301,294, respectively, based on par value of registered capital of Zhejiang Zhongchai.

The set of manufacturing equipment is currently being used by the Company for its production purposes. As of December 31, 2018, the Company concluded this transaction does not qualify for sale-leaseback accounting in accordance with ASC 840-40-25-11 and shall record under the lease financing method. Under the lease financing method, the assets remain on the Company’s consolidated balance sheet and the proceeds from the transactions are recorded as a financing liability. The Company adopted ASC 842 on January 1, 2019 and concluded this transaction does not qualify for the sale-leaseback accounting in accordance with ASC 842-40-25-5 and not derecognize the transferred asset and shall account for any amounts received as a financial liability.

On April 24, 2019, Zhejiang Zhongchai signed a Pledge Contract with Donghai Financing Lease Co., Ltd. (“Donghai Lease”), pledging its equipment including the general assembly line and the differential assembly line as security for the total exposure under a Financing Lease Contract capped at RMB 16.80 million between Zhejiang

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 — LONG-TERM PAYABLES (cont.)

Zhongchai and Donghai Lease from April 26, 2019 to April 26, 2021. As of June 30, 2019, the net book value of the pledged equipment was RMB21,000,904.

The pledged equipment is currently being used by the Company for its production purposes. The Company adopted ASC 842 on January 1, 2019 and concluded this transaction does not qualify for the sale-leaseback accounting in accordance with ASC 842-40-25-5 and not derecognize the transferred asset and shall account for any amounts received as a financial liability.

NOTE 13 — GEOGRAPHICAL SALES AND SEGMENTS

Our management does not utilize operating segments to make decisions about the business. Management believes that it operates in one business segment.

Information for the Company's sales by geographical area for the six months ended June 30, 2019 and 2018 are as follows:

	For the six months ended June 30,	
	2019	2018
Domestic Sales	\$ 28,445,591	\$ 35,917,462
International Sales	105,179	88,099
Total	\$ 28,550,770	\$ 36,005,561

NOTE 14 — INCOME TAXES

Hong Kong SAR

Zhongchai Holding (Hong Kong) Limited is registered in the Hong Kong Special Administrative Region of the People's Republic of China and is subject to 16.5% income tax for locally earned income, but is exempt from income tax for income or gains earned outside of Hong Kong. The Company had no sales revenue in Hong Kong for the six months ended June 30, 2019 and 2018.

The PRC

According to the relevant laws and regulations in the PRC, foreign invested enterprises established prior to January 1, 2008 are entitled to full exemption from income tax for two years beginning with the first year in which such enterprise is profitable and a 50% income tax reduction for the subsequent three years. Zhejiang Zhongchai Machinery Co., Ltd. was entitled to an exemption during the two years ended December 31, 2007 and was subject to a 50% income tax reduction during the three years ended December 31, 2010. Starting from January 1, 2013, Zhejiang Zhongchai has been enjoying a tax rate of 15% as it is considered as a High and New Technology Enterprise ("HNTE") by the PRC government, which may be renewable every three years if Zhejiang Zhongchai continues to obtain this award. Between January 1, 2016 and December 31, 2018, Zhejiang Zhongchai continued enjoying this preferential tax rate. Between January 1, 2016 and December 31, 2018, Zhejiang Zhongchai continued enjoying this preferential tax rate. Zhejiang Zhongchai is under the re-application for the HNTE status. Upon approval, Zhejiang Zhongchai would continue enjoying the preferential tax rate of 15% for the years of 2019 through 2021.

Shengte, the wholly owned subsidiary, and Hengyu, the 62.5% owned subsidiary, respectively, of Zhejiang Zhongchai incorporated in the PRC, are both imposed at the standard income tax rate of 25%.

Enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC territory are considered PRC resident enterprises and subject to the PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, etc. of an enterprise. As of June 30, 2019 no detailed interpretation or guidance has been issued to define "place of effective management". Furthermore, as of June 30, 2019, the administrative practice associated with interpreting and applying the concept of "place of effective management" is unclear. If the Company's non-PRC incorporated entities are deemed PRC tax residents, such entities would be subject to PRC tax. The Company has analyzed the applicability of this law, as of June 30, 2019, and the Company has not accrued for PRC tax on such basis. The Company will continue to monitor changes in the interpretation or guidance of this law.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 — INCOME TAXES (cont.)

PRC tax law also imposes a 10% withholding income tax, subject to reduction based on tax treaty where applicable, for dividends distributed by a foreign invested enterprise to its immediate holding company outside China. Such dividends were exempted from PRC tax under the previous income tax law and regulations. The foreign invested enterprise is subject to the withholding tax starting from January 1, 2008.

The Company adopted the guidance in ASC 740 related to uncertain tax positions. The guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, 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 de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

As of June 30, 2019 and December 31, 2018, the Company did not have any liability for unrecognized tax benefits, and no interest related to unrecognized tax benefits and penalties as income tax expense was recognized for these years.

The Company files income tax returns with the annual settlement and payment of enterprise income tax system of PRC and is subject to examinations by the tax authorities in PRC for years after the establishment.

As of June 30, 2019 and December 31, 2018, the Company was not aware of any pending income tax examinations by PRC tax authorities and no accrued interest or penalties related to uncertain tax positions was recognized.

The tax years from 2015 to 2018 are subject to examination by the tax authorities according to the tax regulations of PRC. With few exceptions, as of June 30, 2019, the Company is no longer subject to examinations by PRC tax authorities for years before 2015.

As of June 30, 2019, there was approximately US\$7.3 million retained earnings at the Company's PRC subsidiary, Zhejiang Zhongchai's account. Given the Company's plan to expand into a new business line of automatic guided vehicles ("AGVs") in near future, Zhejiang Zhongchai is prepared to be the future supplier of transmission boxes for the AGVs, and the board of Zhejiang Zhongchai does not intend to further repatriate these earnings to the Hong Kong parent company, Zhongchai Holding, but instead to reinvest into research and development, moldings, production line and fittings and tools to produce transmission boxes for AGVs, total expenditure of which estimated at approximately US\$20 million. Zhejiang Zhongchai's two subsidiaries in PRC, Shengte and Hengyu, had retained earnings of approximately US\$0.5 million and accumulated deficits of US\$0.03 million, respectively, in their balance sheets as of June 30, 2019. Neither do they intend to distribute any current or future earnings, if any. Accordingly, the Company did not provide for the 10% PRC withholding tax on retained earnings as of June 30, 2019, which would be imposed on dividends distributed to the holding company outside China.

Income tax consisted of the following:

	For the six months ended	
	June 30,	
	2019	2018
Current	\$ 532,517	\$ 1,094,204
Deferred	44,434	(110,153)
Income tax	\$ 576,951	\$ 984,051

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 — COMMITMENTS AND CONTINGENCIES

Guarantees and pledged collateral for bank loans to other parties:

(1) Guarantees for bank loans to other parties

	As of	
	June 30, 2019	December 31, 2018
Zhejiang Xinchai Co., Ltd.	\$ 14,473,148	\$ 14,497,610
Total	\$ 14,473,148	\$ 14,497,610

(2) Pledged collateral for bank loans

On May 22, 2019, Zhejiang Zhongchai signed a Maximum Amount Pledge Contract with Agricultural Bank of China Co., Ltd. Xinchang County Sub-Branch (“ABC Xinchang”), pledging its land use rights for original book value of RMB13,405,600.00 and property ownership for original book value of RMB35,124,152.67 as security with ABC Xinchang, for its loan facility with maximum exposure of RMB69,769,000.00 during the period from May 22, 2019 to May 21, 2022. As of June 30, 2019, the net book value of the land use rights and the property was RMB11,640,529.05 and RMB33,693,626.19, respectively, and outstanding amount of the short-term bank loan under this Pledge Contract was RMB48,300,000.

On May 23, 2019, Zhejiang Zhongchai signed a Maximum Amount Pledge Contract with ABC Xinchang, pledging its land use rights for original book value of RMB4,221,371.37 and property ownership for original book value of RMB11,275,182.44 as security with ABC Xinchang, for its loan facility with maximum exposure of RMB24,220,000 during the period from May 23, 2019 to May 22, 2022. As of June 30, 2019, the net book value of the land use rights and the property was RMB3,757,020.58 and RMB10,815,970.02, respectively, and outstanding amount of the short-term bank loan under this Pledge Contract was RMB16,950,000.

(3) Litigation

As of June 30, 2019 and December 31, 2018, there was no pending or threatened litigations known to the Company.

NOTE 16 — RELATED PARTY TRANSACTIONS

(a) Names and Relationship of Related Parties:

	Existing Relationship with the Company
Sinomachinery Holding Limited	Under common control of Peter Zuguang Wang
Cenntro Holding Limited	Controlling shareholder of the Company
Zhejiang Kangchen Biotechnology Co., Ltd.	Under common control of Peter Zuguang Wang
Cenntro Smart Manufacturing Tech. Co., Ltd.	Under common control of Peter Zuguang Wang
Zhejiang Zhonggong Machinery Co., Ltd.	Under common control of Peter Zuguang Wang
Zhejiang Zhonggong Agricultural Equipment Co., Ltd.	Under common control of Peter Zuguang Wang
Xinchang County Jiuxin Investment Management Partnership (LP) ⁽⁶⁾	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

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — RELATED PARTY TRANSACTIONS (cont.)

(b) Summary of Balances with Related Parties:

	As of	
	June 30, 2019	December 31, 2018
Due to related parties:		
Sinomachinery Holding Limited ⁽¹⁾	\$ 1,775,843	\$ 1,775,869
Zhejiang Kangchen Biotechnology Co., Ltd. ⁽²⁾	65,456	65,567
Zhejiang Zhonggong Machinery Co., Ltd. ⁽³⁾	1,702,097	1,276,691
Xinchang County Jiuxin Investment Management Partnership (LP) ⁽⁴⁾		160,337
Zhejiang Zhonggong Agricultural Equipment Co., Ltd. ⁽⁵⁾	11,116	11,135
Cenntro Smart Manufacturing Tech. Co., Ltd. ⁽⁶⁾	18,317	20,399
Zhuhai Hengzhong Industrial Investment Fund (Limited Partnership) ⁽⁷⁾	44,924	—
Total	\$ 3,617,753	\$ 3,309,998

The balance of due to related parties as of June 30, 2019 and December 31, 2018 consisted of:

- (1) Overpayment 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) Dividends declared but unpaid to Xinchang County Jiuxin Investment Management Partnership (LP);
- (5) Unpaid balances for purchasing of materials from Zhejiang Zhonggong Agricultural Equipment Co., Ltd.;
- (6) Prepayment from Cenntro Smart Manufacturing Tech. Co., Ltd.;
- (7) Zhuhai Hengzhong paid audit fee on behalf of Zhongchai Holding.

	As of	
	June 30, 2019	December 31, 2018
Due from related parties:		
Cenntro Holding Limited	\$ 34,030,261	\$ 32,861,718
Total	\$ 34,030,261	\$ 32,861,718

The balance of due from related parties as of June 30, 2019 and December 31, 2018 consisted of:

Net other receivable from Cenntro Holding Limited was \$34,030,261 and \$32,861,718 as of June 30, 2019 and December 31, 2018, respectively, representing the proceeds of \$36,574,445 and \$36,636,262 from transfer of long-term investment to Cenntro Holding Limited in 2019 and 2018, offset by the unpaid dividend of \$2,544,184 and \$3,774,544 to Cenntro Holding Limited. Changes in USD numbers during the two years was due to change in exchange rate. Cenntro Holding Limited will pay the full balance due to Zhongchai Holding by October 27, 2020.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — RELATED PARTY TRANSACTIONS (cont.)

(c) Summary of Related Party Transactions:

A summary of trade transactions with related parties for the six months ended June 30, 2019 and 2018 are listed below:

		For the six months ended June 30,	
		2019	2018
Purchases from related parties:			
Zhejiang Zhonggong Machinery Co., Ltd.	Purchase of materials and equipment		1,063,244
		For the six months ended June 30,	
		2019	2018
Sales to related parties:			
Zhejiang Zhonggong Agricultural Equipment Co., Ltd.	Sale of goods	\$ —	\$ —
Zhejiang Zhonggong Machinery Co., Ltd.	Sale of goods		7,915
Cenntro Smart Manufacturing Tech. Co., Ltd.	Provide service and Sale of goods	60,218	583,376
Cenntro Holding Limited	Sale of investment		—

NOTE 17 — SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after June 30, 2019 up through August 21, 2019, the date the financial statements were issued. The Company had no subsequent events that need to be disclosed, except as follows:

On July 15, 2019, Zhejiang Zhongchai, Zhongchai Holding, Shanghai Hengyu, Mr. Peter Zuguang Wang and Ms. Min Guo entered into an agreement for Zhejiang Zhongchai to transfer its 62.5% ownership interest in Shanghai Hengyu to Zhongchai Holding, for a total consideration of RMB226,000,000, which is equivalent to Zhejiang Zhongchai's actual amount of capital paid to Shanghai Hengyu.

On August 9, 2019, Zhongchai Holding established its wholly owned subsidiary in the PRC named Hangzhou Greenland Robotics Technologies Co., Ltd., with registered capital of US\$1 million, which is positioned as Zhongchai Holding's vehicle for its contemplated efforts for the robotic technology and Robotic Cargo Carrier products.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors

Zhongchai Holding (Hong Kong) Limited

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Zhongchai Holding (Hong Kong) Limited and its subsidiaries (the “Company”) as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, shareholders’ equity, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO China Shu Lun Pan Certified Public Accountants LLP

People’s Republic of China

July 12, 2019

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,377,564	\$ 1,311,790
Restricted cash	3,405,044	3,882,281
Notes receivables	16,342,689	16,703,309
Accounts receivable, net of allowance for doubtful accounts of \$906,138 and \$651,248 at December 31, 2018 and 2017, respectively	10,176,069	8,235,852
Inventories (net of provision for slow moving inventory of \$178,107 and \$77,832 as of December 31, 2018 and December 31, 2017, respectively)	12,400,474	8,983,510
Advance to suppliers	32,878	58,371
Prepayments and Other current assets	2,511,124	10,746,800
Total Current Assets	\$ 48,245,842	\$ 49,921,913
Non-current asset		
Property, plant and equipment, net	20,451,129	5,185,853
Construction in progress	1,607,324	13,585,581
Land use rights, net	3,888,756	4,057,401
Due from related parties	32,861,718	34,706,370
Deferred tax assets	578,652	529,659
Goodwill	3,954	4,153
Other non-current assets	2,913	464,771
Total non-current assets	\$ 59,394,446	\$ 58,533,788
TOTAL ASSETS	\$ 107,640,288	\$ 108,455,701

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2017 (CONTINUED)

	December 31,	
	2018	2017
Current Liabilities		
Notes payable-bank acceptance notes	\$ 17,120,504	\$ 16,291,083
Short-term bank loans	19,620,585	17,547,672
Accounts payable	14,971,444	16,696,443
Taxes payables	155,346	965,721
Customer deposits	68,588	549,003
Due to related parties	3,309,998	3,062,852
Other current liabilities	4,203,881	8,742,219
Total current liabilities	\$ 59,450,346	\$ 63,854,993
Long-term liabilities		
Long-term bank loans	6,556,708	7,652,046
Other long-term liabilities	1,994,366	1,870,060
Total long-term liabilities	\$ 8,551,074	\$ 9,522,106
TOTAL LIABILITIES	\$ 68,001,420	\$ 73,377,099
EQUITY		
Shareholders' equity		
Ordinary shares, \$0.00129 par value: 1,000,000 shares authorized;	1,290	1,290
Additional paid-in capital	12,300,015	12,300,015
Retained earnings	19,191,427	13,308,953
Accumulated other comprehensive (loss) income	525,483	1,573,232
Total shareholders' equity	\$ 32,018,215	\$ 27,183,490
Non-controlling interest	7,620,653	7,895,112
TOTAL EQUITY	\$ 39,638,868	\$ 35,078,602
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 107,640,288	\$ 108,455,701

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
REVENUES	\$ 60,213,088	\$ 49,073,189
COST OF GOODS SOLD	46,139,858	37,211,745
GROSS PROFIT	14,073,230	11,861,444
Selling expenses	1,215,976	1,421,830
General and administrative expenses	1,647,599	9,454,898
Research and development expenses	2,512,403	1,838,032
Total operating expenses	\$ 5,375,978	\$ 12,714,760
INCOME (LOSS) FROM OPERATIONS	\$ 8,697,252	\$ (853,316)
Interest income	22,668	16,195
Interest expense	(1,554,864)	(1,169,954)
Other income	851,451	929,031
INCOME (LOSS) BEFORE INCOME TAX	\$ 8,016,507	\$ (1,078,044)
INCOME TAX	1,392,956	2,192,647
NET INCOME (LOSS)	\$ 6,623,551	\$ (3,270,691)
OTHER COMPREHENSIVE (LOSS) INCOME		
Foreign currency translation (loss) gain	(1,897,403)	1,698,529
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(1,897,403)	1,698,529
TOTAL COMPREHENSIVE INCOME (LOSS)	4,726,148	(1,572,162)
NET INCOME (LOSS) ATTRIBUTABLE TO ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES	\$ 5,882,474	\$ (3,264,935)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	741,077	(5,756)
NET INCOME (LOSS)	\$ 6,623,551	\$ (3,270,691)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:	4,726,148	(1,572,162)
OWNERS OF ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES	4,834,725	(2,556,709)
NONCONTROLLING INTEREST	(108,577)	984,547
EARNINGS (LOSS) PER ORDINARY SHARE		
Basic and diluted	5.88	(3.26)

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Total Zhongchai Holding (Hong Kong) Limited Shareholders' Equity											
	Ordinary Shares			Additional Paid-in Capital	Treasury stock		Accumulated Other Comprehensive		Statutory Reserve	Retained Earnings	Non- controlling Interest	Total
	\$0.00129 Par Value		Amount		Shares	Amount	Income/(loss)	Reserve				
	Shares	Amount		Shares					Amount	Income/(loss)	Reserve	Earnings
Balance at January 1, 2017	1,000,000	1,290	8,135,615			865,006		16,573,888	3,055,105	28,630,904		
Net loss	—	—						(3,264,935)	(5,756)	(3,270,691)		
Capital contribution from												
Minority Interest	—	—							3,198,823	3,198,823		
Other changes in equity			4,164,400						656,637	4,821,037		
Foreign currency translation												
adjustment	—	—				708,226			990,303	1,698,529		
Balance at December 31, 2017	1,000,000	1,290	12,300,015			1,573,232		13,308,953	7,895,112	35,078,602		
Net income	—	—						5,882,474	741,077	6,623,551		
Dividends									(165,882)	(165,882)		
Foreign currency translation												
adjustment	—	—				(1,047,749)			(849,654)	(1897,403)		
Balance at December 31, 2018	1,000,000	\$ 1,290	\$ 12,300,015			\$ 525,483		\$ 19,191,427	\$ 7,620,653	\$ 39,638,868		

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 6,623,551	\$ (3,270,691)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,581,469	1,289,695
Loss on disposal of property and equipment	7,424	4,606
Allowance for doubtful accounts	427,283	305,464
Investment loss	(282,242)	(208,075)
Equity incentive fee	—	3,123,563
Changes in operating assets and liabilities:		
Increase (Decrease) In:		
Accounts receivable	(2,737,279)	(153,149)
Notes receivable	(385,096)	(6,349,615)
Inventories	(4,143,729)	(2,951,490)
Advance to suppliers	23,480	(6,075)
Other current and noncurrent assets	(180,617)	(38,067)
Deferred tax assets	(76,955)	(108,264)
Increase (Decrease) In:		
Accounts payable	(468,716)	4,812,304
Notes payable	1,967,251	5,193,746
Customer deposits	(469,800)	456,531
Other current liabilities	(188,713)	85,768
Income tax payable	(790,503)	920,216
Due to related parties	153,638	963,866
Other long-term liabilities	221,347	404,699
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,281,793	\$ 4,475,032

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of plant and equipment	\$ (5,981,443)	\$ (8,764,677)
Proceeds from sale of property, plant and equipment	3,771	
Short term investment in cash management products	8,155,205	(2,120,938)
Collection of Investment		44,495
Collection of Investment income	282,242	208,075
Repayment from third parties		1,941,127
Loans to third parties		(1,928,125)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITES	\$ 2,459,775	\$ (10,620,043)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term bank loans	20,299,074	29,909,675
Repayments of short-term bank loans	(18,037,927)	(23,976,981)
Bank acceptance deposit	(301,200)	1,377,906
Loans from related parties	2,411,891	474,319
Repayment of loans from related parties	(2,411,891)	(400,160)
Proceeds from issuance of common stock in private placement		4,685,345
Repayment of loans from third parties	(4,085,140)	(3,248,150)
NET CASH (USED IN) /PROVIDED BY FINANCING ACTIVITES	\$ (2,125,193)	\$ 8,821,954
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	\$ 1,616,375	\$ 2,676,943
Effect of exchange rate changes on cash	(27,838)	(106,857)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	5,194,071	2,623,985
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 6,782,608	\$ 5,194,071
Bank balances and cash	3,377,564	1,311,790
Bank balances and cash included in assets classified as restricted cash	3,405,044	3,882,281
SUPPLEMENTARY CASH FLOW INFORMATION		
Income taxes paid	2,645,567	1,846,799
Interest paid	1,769,293	1,132,403

See accompanying notes to the consolidated financial statements

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 — ORGANIZATION AND PRINCIPAL ACTIVITIES

Zhongchai Holding (Hong Kong) Limited, (“Zhongchai Holding” or the “Company”) was established on April 23, 2009 in Hong Kong Special Administrative Region of the People’s Republic of China.

The Company’s Shareholders

Currently, Cenntro Holding Limited owns 100% of Zhongchai Holding’s outstanding ordinary shares. Cenntro Holding Limited is controlled and beneficially owned by Mr. Peter Zuguang Wang, director of the Company.

The Company’s Subsidiaries

Zhejiang Zhongchai Machinery Co., Ltd. (“Zhejiang Zhongchai”), the subsidiary of the Company, is the sole shareholder of Zhejiang Shengte Transmission Co., Ltd. (“Shengte”). It also owns 62.5% of Shanghai Hengyu Enterprise Management Consulting Co., Ltd. (“Hengyu”).

Zhejiang Zhongchai

Zhejiang Zhongchai, a limited liability company registered on November 21, 2005, is the direct operating subsidiary of Zhongchai Holding in China. 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. Mengxing He, director and general manager of Zhejiang Zhongchai and legal representative, executive director and general manager of Shengte, closed its investment of approximately RMB31,590,000 in Zhejiang Zhongchai for 10.53% of its interest. As of December 31, 2018, 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 engaged 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, fulfillment 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, China and are sold to both domestic and oversea markets. The Company plans to move to its new factory in Zhejiang Province, China, by the end of 2019.

Shengte

Shengte is a limited liability company registered on February 24, 2006 in Xinchang High-Tech Industrial Park, Zhejiang, China.

Shengte manufactures parts of transmission boxes for Zhejiang Zhongchai. All the parts are manufactured in the Company’s Xinchang facility and are sold internally to Zhejiang Zhongchai.

Hengyu

Hengyu is a limited liability company registered on September 10, 2015 in Shanghai Free Trade Zone, Shanghai, China. Main business of Hengyu are investment management and consulting services.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 — ORGANIZATION AND PRINCIPAL ACTIVITIES (cont.)

As of December 31, 2018, the subsidiaries of the Company were as follows:

Name	Domicile and Date of Incorporation	Paid-in Capital		Percentage of Effective Ownership	Principal Activities
Zhejiang Zhongchai Machinery Co., Ltd.	PRC November 21, 2005	USD	28,612,943	89.47%	Manufacture, sale of various transmission boxes
Zhejiang Shengte Transmission Co., Ltd.	PRC February 24, 2006	RMB	5,000,000	89.47%	Manufacture and sale of parts of transmission box investment
Shanghai Hengyu Enterprise Management Consulting Co., Ltd.	PRC September 10, 2015	RMB	251,500,000	55.92%	management and consulting services.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Zhongchai Holding (Hong Kong) Limited and its subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). Intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of the consolidated and combined 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.

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.

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”). The consolidated financial statements are translated into United States dollars from RMB at year-end exchange rates as to assets and liabilities and average exchange rates as to revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transactions occurred. The resulting transaction adjustments are recorded as a component of shareholders’ equity. Gains and losses from foreign currency transactions are included in net income.

	2018	2017
Year end RMB: US\$ exchange rate	6.8632	6.5342
Average yearly RMB: US\$ exchange rate	6.6338	6.7423

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at the rates used in translation.

Revenue Recognition

In accordance with the 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 own 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 delivery, 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 started adoption of ASC 606 for the fiscal year ended December 31, 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 predominantly short-term in nature with a contract term of one year or less. For those contracts, the Company has utilized the practical expedient in ASC Topic 606 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. Receivables are recorded when the Company has an unconditional right to consideration.

Contracts do not offer any chargeback or price protection. The Company experienced no product returns and recorded no reserve for sales returns for the years ended December 31, 2018 and 2017, respectively.

The following table sets forth disaggregation of revenue:

	December 31,	
	2018	2017
Major Product		
Transmission boxes for Forklift	59,837,256	49,073,189
Transmission boxes for Non-Forklift (EV, etc.)	375,832	—
Total	60,213,088	49,073,189

Cost of Goods Sold

Cost of goods sold consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, warehousing 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 market is also recorded in cost of goods sold.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 \$2,512,403 and \$1,838,032 for the years ended December 31, 2018 and 2017, respectively. Research and development costs are incurred on a project specific basis.

Retirement Benefits

Retirement benefits in the form of contributions under defined contribution retirement plans to the relevant authorities are charged to operations as incurred. Retirement benefits of \$226,759 and \$166,299 were charged to operations for the years ended December 31, 2018 and 2017, 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.

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 December 31, 2018, the Company did not have a liability for unrecognized tax benefits. It is unlikely that the amount of liability for unrecognized tax benefits will significantly change over the next 12 months. 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 always remain open for examination by the local authorities.

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 Chinese 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.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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 (loss) consists of foreign currency translation. The Company presents comprehensive income (loss) in accordance with ASC Topic 220, "Comprehensive Income". ASC Topic 220 states that all items that are required to be recognized under accounting standards as components of comprehensive income (loss) be reported in the consolidated financial statements.

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents. The Company maintains no bank account in the United States of America. The Company maintains its bank accounts in China. Balances at financial institutions or state-owned banks within China are not covered by insurance. However, the Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Restricted Cash

Restricted cash represents amounts held by a bank as security for bank acceptance notes and therefore is not available for the Company's use until such time as the bank acceptance notes 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.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 bond 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.

The Company identified the fair market value of such equity interests as Level 3 instruments due to the fact that little or no market data exists, thus the company develop its own assumptions. Income approach — in this approach, the discounted cash flow method was used to capture the present value of the expected future economic cash outflows to be derived, based on an appropriate discount rate. Also see note 24.

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 common 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 common shares that would have been outstanding if the potential ordinary shares equivalents had been issued and if the additional common shares were dilutive.

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 credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection. 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 \$906,138 and \$651,248 at December 31, 2018 and 2017, 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. At December 31, 2018 and 2017, the Company had reserves for inventories of \$178,107 and \$77,832, respectively.

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 \$32,878 as of December 31, 2018, of which \$31,655 aged within one year and \$578 between one and two years. The balance of advance to suppliers was \$58,371 as of December 31, 2017, of which \$57,693 aged within one year and \$537 between one and two years.

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.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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
Fixed Assets decoration	5 years

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.

No impairment loss is subsequently reversed even if facts and circumstances indicate recovery. There was no impairment loss recognized for the years ended December 31, 2018 and 2017.

Segments and Related Information

ASC 280-10-50, "Operating Segments", define the characteristics of an operating segment as a) being engaged in business activity from which it may earn revenues and incur expenses, b) being reviewed by the Company's chief operating decision maker ("CODM") for decisions about resources to be allocated and assess its performance and c) having discrete financial information. Although the Company indeed looks at its products to analyze the nature of its revenues, other financial information, such as certain costs and expenses and net income are not captured or analyzed by these categories. Therefore, discrete financial information is not available by product line and the Company has no CODM to make resource allocation decisions or assess the performance of the business based on these categories, but rather in the aggregate. Based on this, management believes that the Company operates in one business segment.

In the analysis of product lines as potential operating segments, management also considered ASC 280-10-50-11, "Aggregation Criteria", which allows for the aggregation of operating segments if the segments have similar economic characteristics and if the segments are similar in each of the following areas:

- the nature of the products and services;
- the nature of the production processes;

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

- the type or class of customer for their products and services;
- the methods used to distribute their products or provide their services; and
- the nature of the regulatory environment, if applicable.

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 China. 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.

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.

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.

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 a 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.

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 May 2014, the FASB issued a new standard on revenue recognition related to contracts with customers. This standard supersedes nearly all existing revenue recognition guidance and involves a five-step principles-based approach to recognizing revenues. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive. The new standard also requires additional qualitative and quantitative about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments made in applying the revenue guidance, and assets recognized from the costs to obtain or fulfill a contract. The Company adopted this standard in the first quarter of 2018 using the modified retrospective approach. The adoption of the new standard had no impact on the Company's consolidated financial position, results of operations, cash flows or disclosures.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In November 2015, the FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes.” This ASU amends existing guidance to require that deferred income tax assets and liabilities be classified as non-current in a classified balance sheet, and eliminates the prior guidance which required an entity to separate deferred tax assets and liabilities into a current amount and a non-current amount in a classified balance sheet. The Company started adoption of ASU 2015-17 for the fiscal year ended December 31, 2017. The adoption of ASU 2015-17 does not have a material impact on the Company’s consolidated financial position, results of operations, cash flows or disclosures.

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. The ASUs are effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASUs is modified retrospective. The Company is currently evaluating the impact of the adoption of ASU 2016-13 on the Company’s consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory, which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to an outside party. The Company started adoption of ASU 2016-16 for the fiscal year ended December 31, 2017. The impact of adoption on the Company’s Consolidated Financial Statements for any period presented is not material.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230) - Restricted Cash,” (“ASU 2016-18”). This ASU requires a statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company started adoption of ASU 2016-18 for the fiscal year ended December 31, 2017. The impact of adoption on its Condensed Consolidated Financial Statements for any period presented is not material.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. The Company started adoption of ASU 2017-01 for the fiscal year ended December 31, 2017. The impact of adoption on its Condensed Consolidated Financial Statements for any period presented is not material.

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for us on January 1, 2019, with early adoption permitted. We expect to adopt the new standard on its effective date. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. We expect to adopt the new standard on January 1, 2019 and use the effective date as our date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

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. This ASU will be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for any impairment tests performed after January 1, 2017. The Company does not expect the adoption will have a material impact on the 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 is currently evaluating the impact of adoption on the Consolidated Financial Statements.

NOTE 3 — CONCENTRATION ON REVENUES AND COST OF GOODS SOLD

Concentration of major customers and suppliers:

	Year ended December 31,			
	2018		2017	
Major customers representing more than 10% of the Company's revenues				
Company A	\$ 8,826,142	14.7%	\$ 6,694,345	13.6%
Total Revenues	\$ 8,826,142	14.7%	\$ 6,694,345	13.6%
	Year ended December 31,			
	2018		2017	
Major customers representing more than 10% of the Company's accounts receivable				
Company A	\$ 892,651	8.05%	\$ 1,087,893	12.24%
Company B	1,276,086	11.51%	814,662	9.17%
Company C	1,147,108	10.35%	840,015	9.45%
Total	\$ 3,315,845	29.91%	\$ 2,742,570	30.86%

Accounts receivable from the Company's major customers accounted for 29.91% and 30.86% of total accounts receivable balances as of December 31, 2018 and 2017, respectively.

There were no suppliers representing more than 10% of the Company's total purchases for the years ended December 31, 2018 and 2017, respectively.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 4 — CASH AND CASH EQUIVALENTS

	December 31,	
	2018	2017
Cash	\$ 17,567	\$ 16,010
Bank deposit	3,359,997	1,295,780
Total	\$ 3,377,564	\$ 1,311,790

NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable is net of allowance for doubtful accounts.

	December 31,	
	2018	2017
Accounts receivable	\$ 11,082,207	\$ 8,887,100
Less: allowance for doubtful accounts	(906,138)	(651,248)
Accounts receivable, net	\$ 10,176,069	\$ 8,235,852

Changes in the allowance for doubtful accounts are as follows:

	December 31,	
	2018	2017
Beginning balance	\$ 651,248	\$ 538,701
Provision for doubtful accounts	254,890	112,547
Ending balance	\$ 906,138	\$ 651,248

NOTE 6 — INVENTORIES

	December 31,	
	2018	2017
Raw materials	\$ 5,055,940	\$ 3,650,345
Revolving material	573,907	568,407
Consigned processing material	33,470	44,932
Work-in-progress	2,020,295	1,398,320
Finished goods	3,752,899	1,104,431
Goods in transit	1,142,070	2,294,907
Less: Reserve for inventories.	(178,107)	(77,832)
Inventories, net	\$ 12,400,474	\$ 8,983,510

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 — NOTES RECEIVABLE

Bank notes receivable:

	December 31, 2018
Due Dec., 2018, extended for 30 days and subsequently settled in Jan., 2019	\$ 58,282
Due Jan., 2019, subsequently settled in Jan., 2019	2,406,957
Due Feb., 2019, subsequently settled in Feb., 2019	2,185,316
Due Mar., 2019, subsequently settled in Mar., 2019	2,063,102
Due Apr., 2019, subsequently settled in Apr., 2019	1,794,540
Due May, 2019, subsequently settled in May, 2019	2,753,649
Due Jun., 2019, subsequently settled in June, 2019	2,480,023
Due Jul., 2019	196,856
Due Aug., 2019	36,426
Due Sept., 2019	43,711
Due Oct., 2019	14,571
Due Nov., 2019	14,571
Total	14,048,004

	December 31, 2017
Due Dec., 2017, extended for 30 days and subsequently settled in Jan., 2018	\$ 30,608
Due Jan., 2018, subsequently settled in Jan., 2018	1,651,850
Due Feb., 2018, subsequently settled in Feb., 2018	1,807,616
Due Mar., 2018, subsequently settled in Mar., 2018	1,347,979
Due Apr., 2018, subsequently settled in Apr., 2018	1,975,677
Due May, 2018, subsequently in May, 2018	1,729,548
Due Jun., 2018 subsequently settled in Jun., 2018	4,150,675
Due Jul., 2018, subsequently settled in Jul., 2018	30,608
Due Dec., 2018, subsequently settled in Dec., 2018	214,281
Total	12,938,842

Commercial notes receivable:

	December 31, 2018
Due Jan., 2019, subsequently settled in Jan., 2019	\$ 518,534
Due Feb., 2019, subsequently settled in Feb., 2019	106,685
Due Mar., 2019, subsequently settled in Mar., 2019	28,684
Due Apr., 2019, subsequently settled in Apr., 2019	67,010
Due May, 2019, subsequently settled in May, 2019	72,852
Due June, 2019, subsequently settled in June, 2019	281,210
Less: allowance for doubtful accounts	(53,749)
Total	1,021,226

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 — NOTES RECEIVABLE (cont.)

	December 31, 2017
Due Jan., 2018, subsequently settled in Jan., 2018	259,006
Due Feb., 2018, subsequently settled in Feb., 2018	459,123
Due Mar., 2018, subsequently settled in Mar., 2018	459,123
Due May, 2018, subsequently settled in May, 2018	765,205
Due Jun., 2018 subsequently settled in Jun., 2018	1,300,848
Less: allowance for doubtful accounts	(162,165)
Total	3,081,140

Endorsed but undue notes:

	December 31, 2018
Due Jan., 2019, subsequently settled in Jan., 2019	\$ 29,141
Due Feb., 2019, subsequently settled in Feb., 2019	364,262
Due Mar., 2019, subsequently settled in Mar., 2019	189,416
Due Apr., 2019, subsequently settled in Apr., 2019	218,557
Due May, 2019, subsequently settled in May, 2019	378,832
Due Jun., 2019, subsequently settled in Jun., 2019	160,275
Less: allowance for doubtful accounts	(67,024)
Total	1,273,459

	December 31, 2017
Due Mar., 2018, subsequently settled in Mar,2018	\$ 535,643
Due May, 2018, subsequently settled in May,2018	183,649
Less: allowance for doubtful accounts	(35,965)
Total	683,327

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 face amount from the issuer at maturity, which bears no interest and generally ranges from three to six months from the date of issuance. As of December 31, 2018, the Company pledged notes receivable for an aggregate amount of \$9,190,808 to Bank of Communications as a means of security for issuance of bank acceptance notes for an aggregate amount of \$7,713,085.

NOTE 8 — OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31,	
	2018	2017
Pending deduction VAT on purchase	\$ 217	\$ 127,919
Income Tax Prepaid	248,430	—
Financial products	2,185,569	10,575,128
Other Receivables, net	76,908	43,753
Total	2,511,124	\$ 10,746,800

Financial products are low risk, highly liquid money-market investment products with duration less than 90 days and expected annualized return ranging from 3.35% to 3.85%.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	December 31,	
	2018	2017
Cost:		
Plant and buildings	\$ 10,330,265	\$ —
Machinery and equipment	18,753,984	12,789,784
Motor vehicles	258,646	238,511
Office equipment	106,542	101,984
Fixed assets decoration	198,085	208,060
	29,647,522	13,338,339
Less: Accumulated depreciation		
Plant and buildings	(172,171)	—
Machinery and equipment	(8,671,117)	(7,799,946)
Motor vehicles	(205,339)	(210,576)
Office equipment	(75,666)	(74,389)
Fixed assets decoration	(72,100)	(67,575)
	(9,196,393)	(8,152,486)
Property, plant and equipment, net	\$ 20,451,129	\$ 5,185,853

NOTE 10 — CONSTRUCTION IN PROGRESS

	December 31,	
	2018	2017
New plant project in Meizhu	—	7,966,368
Equipment installation project	\$ 1,607,324	\$ 5,619,213
Total	1,607,324	13,585,581

There was construction in progress of \$1,607,324 as of December 31, 2018, which was the final equipment installation work, representing approximately 10% of the total cost of the Company's new factory. The new factory was fully completed by the end of April, 2019. In May 2019, the Company obtained Real Estate Title Certificate for those new properties. As of December 31, 2018, there was no other projects that had been contemplated and budgeted.

NOTE 11 — LAND USE RIGHTS

Land use rights consisted of the following:

	December 31,	
	2018	2017
Cost of land use rights	\$ 4,356,216	\$ 4,456,888
Less: Accumulated amortization	(467,460)	(399,487)
Land use rights, net	\$ 3,888,756	\$ 4,057,401

1) As of December 31, 2018, there was land use rights with net book value of \$3,888,756, out of which approximately \$3,744,139 were used as collateral for the Company's short-term bank loans;

2) As of December 31, 2017, there was land use rights with net book value of \$4,057,401, out of which approximately \$4,021,038 were used as collateral for the Company's short-term bank loans.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 11 — LAND USE RIGHTS (cont.)

Amortization expense for the next five years and thereafter is as follows:

2019	\$	87,119
2020		87,119
2021		87,119
2022		87,119
2023		87,119
Thereafter		3,453,161
Total	\$	<u>3,888,756</u>

NOTE 12 — GOODWILL

Goodwill was as follows:

	December 31,	
	2018	2017
Zhejiang Shengte Transmission Equipment Co., Ltd.	\$ 3,954	\$ 4,153
Total	\$ 3,954	\$ 4,153

Unrealized foreign exchange translation loss for the year ended December 31, 2018 was \$199 which has been included in other comprehensive loss.

NOTE 13 — OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	December 31,	
	2018	2017
Prepayment for equipment engineering	\$ 2,913	\$ 349,700
Prepayment for land purchase		115,071
Total	\$ 2,913	\$ 464,771

NOTE 14 — NOTES PAYABLE

Bank acceptance notes:

	December 31, 2017
Due Jan., 2018, subsequently settled on due date	2,246,182
Due Feb., 2018, subsequently settled on due date	2,644,547
Due Mar., 2018, subsequently settled on due date	2,889,515
Due Apr., 2018, subsequently settled on due date	2,620,061
Due May., 2018, subsequently settled on due date	2,914,358
Due Jun., 2018 subsequently settled on due date	2,976,420
Due Jul., 2018, subsequently settled on due date	—
Due Aug., 2018, subsequently settled on due date	—
Due Sept., 2018, subsequently settled on due date	—
Due Oct., 2018, subsequently settled on due date	—
Due Nov., 2018, subsequently settled on due date	—
Due Dec., 2018, subsequently settled on due date	—
Total	<u>16,291,083</u>

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 — NOTES PAYABLE (cont.)

	December 31, 2018
Due Jan., 2019, subsequently settled on due date	2,338,961
Due Feb., 2019, subsequently settled on due date	1,155,191
Due Mar., 2019, subsequently settled on due date	3,409,488
Due Apr., 2019, subsequently settled on due date	2,751,102
Due May., 2019, subsequently settled on due date	2,018,738
Due Jun., 2019 subsequently settled on due date	5,447,024
Due Jul., 2019	—
Due Aug., 2019	—
Due Sept., 2019	—
Due Oct., 2019	—
Due Nov., 2019	—
Due Dec., 2019	—
Total	17,120,504

The interest-free notes payable, ranging from six months to one year from the date of issuance, were secured by \$3,405,044 and \$3,882,281 restricted cash, as of December 31, 2018 and 2017, 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.

NOTE 15 — ACCOUNTS PAYABLE

Items	December 31,	
	2018	2017
Purchases for materials	13,666,017	14,829,969
Procurement of equipment	1,305,427	1,866,474
Total	14,971,444	16,696,443

NOTE 16 — SHORT TERM BANK LOANS

Maturity Date	Type	Bank Name	December 31, Interest Rate per Annum (%)	2017
Mar.8, 2018	Guaranteed bank loans	Rural commercial bank	5.00	\$ 2,295,614
Mar.15, 2018	Guaranteed bank loans	Rural commercial bank	5.00	\$ 2,295,614
Mar.22, 2018	Guaranteed bank loans	Rural commercial bank	5.00	\$ 3,060,818
Sept.6, 2018	Guaranteed bank loans	Bank of Communications	4.79	\$ 1,224,327
Nov.8, 2018	Collateralized bank loans	Agricultural bank	4.57	\$ 1,683,450
Nov.14, 2018	Collateralized bank loans	Agricultural bank	4.57	\$ 1,346,760
Nov.22, 2018	Collateralized bank loans	Agricultural bank	4.57	\$ 1,377,368
Nov.27, 2018	Guaranteed bank loans	Agricultural bank	4.79	\$ 514,218
Dec.7, 2018	Collateralized bank loans	Agricultural bank	4.57	\$ 1,989,532
Dec.7, 2018	Collateralized bank loans	Agricultural bank	4.57	\$ 1,759,971
Total				\$ 17,547,672

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 16 — SHORT TERM BANK LOANS (cont.)

<u>Maturity Date</u>	<u>Type</u>	<u>Bank Name</u>	<u>December 31, Interest Rate per Annum (%)</u>	<u>2018</u>
Mar.5, 2019	Guaranteed bank loans	Rural commercial bank	5.00	\$ 2,185,569
Mar.7, 2019	Guaranteed bank loans	Rural commercial bank	5.00	\$ 2,914,093
Mar.12, 2019	Guaranteed bank loans	Rural commercial bank	5.00	\$ 2,185,569
Sept.6, 2019	Guaranteed bank loans	Bank of Communications	4.79	\$ 1,165,637
Nov.8, 2019	Collateralized bank loans	Agricultural bank	4.57	\$ 1,602,751
Nov.12, 2019	Collateralized bank loans	Agricultural bank	4.57	\$ 1,282,201
Nov.20, 2019	Collateralized bank loans	Agricultural bank	4.57	\$ 1,311,342
Nov.26, 2019	Guaranteed bank loans	Agricultural bank	4.79	\$ 489,568
Dec.4, 2019	Collateralized bank loans	Agricultural bank	4.57	\$ 3,569,763
Apr.1, 2019	Guaranteed bank loans	Bank of Hangzhou	5.66	\$ 2,914,092
Total				\$ 19,620,585

All short term bank loans are obtained from local banks in China and are repayable within one year. Normally banks will renew the loan facilities but will require full repayment on maturity under existing loan facility and then drawdown under the new facility.

The average annual interest rate of the short-term bank loans was 4.852% and 4.743% as of December 31, 2018 and 2017, respectively. The Company was in compliance with their financial covenants at December 31, 2018 and 2017, respectively.

Short-term loans are summarized as follow:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Collateralized bank loans	\$ 7,766,057	\$ 8,157,081
Guaranteed bank loans	11,854,528	9,390,591
Total	\$ 19,620,585	\$ 17,547,672

NOTE 17 — LONG TERM BANK LOANS

<u>Maturity Date</u>	<u>Type</u>	<u>Bank Name</u>	<u>December 31, Interest Rate per Annum (%)</u>	<u>2018</u>
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 3,642,616
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 2,914,092
Total				\$ 6,556,708

<u>Maturity Date</u>	<u>Type</u>	<u>Bank Name</u>	<u>December 31, Interest Rate per Annum (%)</u>	<u>2017</u>
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 4,591,228
Dec.20, 2020	Project Loans	Bank of Hangzhou	5.88	\$ 3,060,818
Total				\$ 7,652,046

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 18 — OTHER LONG TERM LIABILITIES

	December 31,	
	2018	2017
Government subsidy	1,994,366	1,870,060
Total	<u>\$ 1,994,366</u>	<u>\$ 1,870,060</u>

Government subsidy consists of the following:

	December 31,	
	2018	2017
Land purchase subsidy	\$ 1,029,602	\$ 1,089,651
Special funds for the development of industry and information technology	43,711	45,912
Financial discount	133,588	180,095
Special financial subsidies provided for industrial transformation and upgrading	101,508	135,696
Subsidies for the strategic emerging equipment manufacturing industry	81,352	100,752
Technical renovation subsidy of “Machines take the place of humans” in 2014	6,375	7,767
Coordinated innovation in strategic emerging equipment manufacturing industry\ Coordinate manufacturing subsidy funds	230,699	280,575
Financial subsidy funds for energy conservation and consumption reduction projects	24,630	29,612
Subsidies for the purchase of industrial robots	3,701	
Special funds for the revitalization of the real economy	339,200	
Total	<u>\$ 1,994,366</u>	<u>\$ 1,870,060</u>

Other long-term liabilities was \$1,994,366 and \$1,870,060 for the years ended December 31, 2018 and 2017, respectively.

NOTE 19 — GEOGRAPHICAL SALES AND SEGMENTS

Our management does not utilize operating segments to make decisions about the business. Management believes that it operates in one business segment.

Information for the Company’s sales by geographical area for the years ended December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	2017
Domestic Sales	\$ 60,016,626	\$ 48,888,741
International Sales	196,462	184,448
Total	<u>60,213,088</u>	<u>49,073,189</u>

	December 31,	
	2018	2017
Major Product		
Transmission boxes for Forklift	59,837,256	49,073,189
Transmission boxes for Non-Forklift (EV, etc.)	375,832	—
Total	<u>60,213,088</u>	<u>49,073,189</u>

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 20 — INCOME TAXES

Hong Kong SAR

Zhongchai Holding (Hong Kong) Limited is registered in the Hong Kong Special Administrative Region of the People's Republic of China and is subject to 16.5% income tax for locally earned income, but is exempt from income tax for income or gains earned outside of Hong Kong. The Company had no sales revenue in Hong Kong for the years ended December 31, 2018 and 2017.

The PRC

According to the relevant laws and regulations in the PRC, foreign invested enterprises established prior to January 1, 2008 are entitled to full exemption from income tax for two years beginning with the first year in which such enterprise is profitable and a 50% income tax reduction for the subsequent three years. Zhejiang Zhongchai Machinery Co., Ltd. was entitled to an exemption during the two years ended December 31, 2007 and was subject to a 50% income tax reduction during the three years ended December 31, 2010. Starting from January 1, 2013, Zhejiang Zhongchai has been enjoying a tax rate of 15% as it is considered as a High and New Technology Enterprise by the PRC government, which may be renewable every three years if Zhejiang Zhongchai continues to obtain this award. Between January 1, 2016 and December 31, 2018, the company continue enjoyed this preferential tax rate. Between January 1, 2016 and December 31, 2018, Zhejiang Zhongchai continued enjoying this preferential tax rate.

Shengte, the wholly owned subsidiary, and Hengyu, the 62.5% owned subsidiary, respectively, of Zhejiang Zhongchai incorporated in the PRC, are both imposed at the standard income tax rate of 25%.

Enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC territory are considered PRC resident enterprises and subject to the PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, etc. of an enterprise. As of December 31, 2018 no detailed interpretation or guidance has been issued to define "place of effective management". Furthermore, as of December 31, 2018, the administrative practice associated with interpreting and applying the concept of "place of effective management" is unclear. If the Company's non-PRC incorporated entities are deemed PRC tax residents, such entities would be subject to PRC tax. The Company has analyzed the applicability of this law, as of December 31, 2018, and the Company has not accrued for PRC tax on such basis. The Company will continue to monitor changes in the interpretation or guidance of this law.

PRC tax law also imposes a 10% withholding income tax, subject to reduction based on tax treaty where applicable, for dividends distributed by a foreign invested enterprise to its immediate holding company outside China. Such dividends were exempted from PRC tax under the previous income tax law and regulations. The foreign invested enterprise is subject to the withholding tax starting from January 1, 2008.

The Company adopted the guidance in ASC 740 related to uncertain tax positions. The guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, 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 de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

As of December 31, 2018 and December 31, 2017, the Company did not have any liability for unrecognized tax benefits, and no interest related to unrecognized tax benefits and penalties as income tax expense was recognized for these years.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 20 — INCOME TAXES (cont.)

The Company files income tax returns with the annual settlement and payment of enterprise income tax system of PRC and is subject to examinations by the tax authorities in PRC for years after the establishment.

As of December 31, 2018 and December 31, 2017, the Company was not aware of any pending income tax examinations by PRC tax authorities and no accrued interest or penalties related to uncertain tax positions was recognized.

The tax years for 2015, 2016, and 2017 are subject to examination by the tax authorities according to the tax regulations of PRC. With few exceptions, as of December 31, 2018, the Company is no longer subject to examinations by PRC tax authorities for years before 2015.

As of December 31, 2018, there was approximately US\$4.6 million retained earnings at the Company's PRC subsidiary, Zhejiang Zhongchai's account. Given the Company's plan to expand into a new business line of automatic guided vehicles ("AGVs") in near future, Zhejiang Zhongchai is prepared to be the future supplier of transmission boxes for the AGVs, and the board of Zhejiang Zhongchai does not intend to further repatriate these earnings to the Hong Kong parent company, Zhongchai Holding, but instead to reinvest into research and development, moldings, production line and fittings and tools to produce transmission boxes for AGVs, total expenditure of which estimated at approximately US\$20 million. Zhejiang Zhongchai's two subsidiaries in PRC, Shengte and Hengyu, had retained earnings of approximately US\$0.5 million and accumulated loss of US\$0.03 million, respectively, in their balance sheets as of December 31, 2018. Neither do they intend to distribute any current or future earnings, if any. Accordingly, the Company did not provide for the 10% PRC withholding tax on retained earnings as of December 31, 2018, which would be imposed on dividends distributed to the holding company outside China.

Income tax consisted of the following:

	December 31,	
	2018	2017
Current	\$ 1,469,911	\$ 2,300,911
Deferred	(76,955)	(108,264)
Income tax	1,392,956	2,192,647

NOTE 21 — EARNINGS PER SHARES

Basic earnings per share are computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares.

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated:

	December 31,	
	2018	2017
Net income attribute to the Company	\$ 5,882,474	\$ (3,264,935)
Weighted average ordinary shares outstanding – basic and diluted	1,000,000	1,000,000
Basic and diluted earnings per share	\$ 5.88	\$ (3.26)

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 22 — COMMITMENTS AND CONTINGENCIES

Guarantees and pledged collateral for bank loans to other parties:

- (1) Guarantees for bank loans to other parties

	December 31,	
	2018	2017
Zhejiang Xinchai Co., Ltd.	\$ 14,497,610	\$ 15,227,572
Total	\$ 14,497,610	\$ 15,227,572

- (2) Pledged collateral for bank loans

As of December 31, 2018 and December 31, 2017, none of the Company's land use rights or properties, plants and equipment was pledged as collateral securing bank loans to other parties.

- (3) Litigation

As of December 31, 2018 and 2017, there was no pending or threatened litigations known to the Company.

NOTE 23 — RELATED PARTY TRANSACTIONS

(a) Names and Relationship of Related Parties:

	Existing Relationship with the Company
Sinomachinery Holding Limited	Under common control of Peter Zuguang Wang
Cenntro Holding Limited	Sole 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
Xinchang County Jiuxin Investment Management Partnership (LP) ⁽⁶⁾	Under control of Mr. Mengxing He, director and General Manager of Zhejiang Zhongchai and legal representative, executive director and general manager of Shengte

(b) Summary of Balances with Related Parties:

	December 31,	
	2018	2017
Due to related parties:		
Sinomachinery Holding Limited ⁽¹⁾	\$ 1,775,869	\$ 1,775,869
Zhejiang Kangchen Biotechnology Co., Ltd. ⁽²⁾	65,567	68,868
Zhejiang Zhonggong Machinery Co., Ltd. ⁽³⁾	1,276,691	1,191,574
Xinchang County Jiuxin Investment Management Partnership (LP) ⁽⁴⁾	160,337	
Zhejiang Zhonggong Agricultural Equipment Co., Ltd. ⁽⁵⁾	11,135	11,696
Cenntro Smart Manufacturing Tech. Co., Ltd. ⁽⁶⁾	20,399	14,845
Total	\$ 3,309,998	\$ 3,062,852

The balance of due to related parties as of December 31, 2018 and 2017 consisted of:

- (1) Overpayment 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 from Zhejiang Zhonggong Machinery Co., Ltd.;
- (4) Dividends declared but unpaid to Xinchang County Jiuxin Investment Management Partnership (LP);

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 23 — RELATED PARTY TRANSACTIONS (cont.)

- (5) Unpaid balances for purchasing of materials from Zhejiang Zhonggong Agricultural Equipment Co., Ltd.;
- (6) Prepayment from Cenntro Smart Manufacturing Tech. Co., Ltd.

	December 31,	
	2018	2017
Due from related parties:		
Cenntro Holding Limited ⁽⁷⁾	32,861,718	34,706,370
Total	\$ 32,861,718	\$ 34,706,370

The balance of due from related parties as of December 31, 2018 and 2017 consisted of:

- (7) Net other receivable from Cenntro Holding Limited in the amount of \$32,861,718 and \$34,706,370 as of December 31, 2018 and 2017, respectively, representing the proceeds of \$36,636,262 and \$38,480,914 from transfer of long-term investment to Cenntro Holding Limited in 2018 and 2017, offset by the unpaid dividend of \$3,774,544 to Cenntro Holding Limited. Changes in USD numbers during the two years was due to change in exchange rate. In June 2017, Hengyu, the Company's 62.5% owned subsidiary, sold the 16.23% of Sinomachinery Group Limited to Cenntro Holding Limited for RMB 321.92M. Cenntro Holding will pay the full balance due to Zhongchai Holding by October 27, 2020.

(c) Summary of Related Party Transactions:

A summary of trade transactions with related parties during the two years ended December 31, 2018 and 2017 is as follows:

		December 31,	
		2018	2017
Purchases from related parties:			
Zhejiang Zhonggong Agricultural Equipment Co., Ltd.	Purchase of materials	\$ —	\$ 769,040
Zhejiang Zhonggong Machinery Co., Ltd.	Purchase of materials and equipment	1,023,680	1,396,045
		December 31,	
		2018	2017
Sales to related parties:			
Zhejiang Zhonggong Agricultural Equipment Co., Ltd.	Sale of goods	\$ —	\$ 31,274
Zhejiang Zhonggong Machinery Co., Ltd.	Sale of goods	7,621	35,359
Cenntro Smart Manufacturing Tech. Co., Ltd.	Provision services and Sale of goods	611,282	30,239
Cenntro Holding Limited	Sale of investment	—	49,266,689

NOTE 24 — EQUITY INCENTIVES

Zhongchai Holding paid RMB31.6 million (approximately \$4.7 million) to Mr. Mengxing He, general manager of Zhejiang Zhongchai as a reward for his past performance and incentive for his continuous contribution to Zhejiang Zhongchai. Mr. He then invested these funds in Zhejiang Zhongchai through Xinchang County Jiuxin Investment Management Partnership (LP), an entity that Mr. He controls, in exchange for 10.53% of the outstanding equity interests in Zhejiang Zhongchai. The difference between the fair market value of such equity interests in Zhejiang Zhongchai, or RMB52.7 million (approximately \$7.8 million), and the actual consideration paid was charged as an equity incentive fee of approximately RMB21.1 million (approximately \$3.1 million) in general and administrative expenses.

ZHONGCHAI HOLDING (HONG KONG) LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 24 — EQUITY INCENTIVES (cont.)

The Company identified the fair market value of such equity interests as Level 3 instruments due to the fact that little or no market data exists, thus the company develop its own assumptions. Income approach — in this approach, the discounted cash flow method was used to capture the present value of the expected future economic cash outflows to be derived, based on an appropriate discount rate.

NOTE 25 — SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after December 31, 2018 up through July 12, 2019, the date the financial statements were issued. The company had no subsequent events that need to be disclosed, except as follows:

Zhongchai Holding and its shareholders are in discussion with Greenland Acquisition Corporation (“Greenland”), a British Virgin Islands business company with limited liability, regarding a business combination for Greenland to purchase all outstanding shares of Zhongchai Holding, the final terms of which are expected to be agreed upon in the near future.

On December 19, 2018, Zhejiang Zhongchai conducted a “sale and leaseback” transaction with Shanghai Dingce Financial Leasing Co., Ltd. (hereinafter referred to as “Dingce”), under which Zhongchai nominally ‘sold’ a set of manufacturing equipment (with original value of RMB54,946,371.88) to Dingce for RMB25,000,000, and hence leased the equipment back. Simultaneously Zhejiang Zhongchai pledged the leased equipment with Dingce as a security. Term of the lease is 36 months starting from January 3, 2019 to January 2, 2022, and total rental payment under the lease contract adds up to RMB28,179,685.08. The two shareholders of Zhejiang Zhongchai, namely Zhongchai Holding and Jiuxin, respectively, pledged 8.947% and 1.053% of their ownership interest in Zhejiang Zhongchai with Dingce on January 2, 2019 and December 21, 2018, respectively, as security for the lease transaction, representing US\$2,560,000 and \$301,294.30, respectively, based on par value of registered capital of Zhejiang Zhongchai.

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information included elsewhere in this Form 8-K.

The following selected unaudited pro forma condensed combined balance sheet as of August 31, 2019 combines the historical balance sheet of Greenland as of August 31, 2019 and the historical consolidated balance sheet of Zhongchai Holding as of June 30, 2019, giving effect to the Business Combination as described below on a pro forma basis as if it had been completed on August 31, 2019. The following selected unaudited pro forma condensed combined statement of operations for the nine months ended August 31, 2019 and the period ended November 30, 2018 combines the historical consolidated statement of operations of Greenland for the nine months ended August 31, 2019 and for the period from December 28, 2017 (inception) through November 30, 2018 with the historical consolidated statement of operations and comprehensive income of Zhongchai Holding for the six months ended June 30, 2019 and the year ended December 31, 2018, giving effect to the Business Combination as described on a pro forma basis as if it had been completed as of the earliest period presented. The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes and the sections entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Greenland*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Zhongchai Holding*” and the following historical financial statements and accompanying notes of Greenland and Zhongchai Holding, which are included elsewhere in this Form 8-K and in the Definitive Proxy Statement:

- Greenland’s unaudited financial statements as of and for the nine months ended August 31, 2019 and the related notes;
- Greenland’s audited financial statements as of November 30, 2018 and for the period from December 28, 2017 (inception) through November 30, 2018 and the related notes;
- Zhongchai Holding’s unaudited consolidated financial statements as of and for the six months ended June 30, 2019 and the related notes; and
- Zhongchai Holding’s audited consolidated financial statements as of and for the year ended December 31, 2018 and the related notes.

The historical financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are related and/or directly attributable to the Business Combination, are factually supportable and are expected to have a continuing impact on the Company’s operating results. The adjustments presented in the unaudited pro forma condensed combined financial statements have been identified and presented to provide relevant information necessary for an accurate understanding of the Company upon completion of the Business Combination. The pro forma adjustments set forth in the unaudited pro forma condensed combined financial statements and described in the notes thereto reflect, among other things, the consummation of the Business Combination.

The unaudited pro forma combined financial information is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on the unaudited pro forma combined financial information as being indicative of the historical financial position and results that would have been achieved had the companies always been combined or the future financial position and results that the combined company will experience. Zhongchai Holding and Greenland have not had any historical relationship prior to the Business Combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

	Nine Months Ended August 31, 2019 (Greenland) and the Six Months Ended June 30, 2019 (Zhongchai Holding)		
	Greenland (Historical)	Zhongchai Holding (Historical)	Combined Pro Forma
Statements of Operations Data:			
Total revenue	\$ —	\$ 28,550,770	\$ 28,550,770
Costs of goods sold	—	21,925,996	21,925,996
Total operating expenses	994,570	2,639,168	3,177,602
Income (loss) from operations	(994,570)	3,985,606	3,447,172
Net income (loss)	(302,513)	3,006,252	2,476,777
Net income attributable to noncontrolling interests	—	334,304	334,304
Net income (loss) attributable to the Company	\$ (302,513)	\$ 2,671,948	\$ 2,142,473
Weighted average shares outstanding, basic and diluted	1,931,932		10,006,143
Basic and diluted (loss) income per share	\$ (0.48)		\$ 0.21

**For the Period from December 28, 2017 (inception)
through November 30, 2018 (Greenland) and the Year
Ended
December 31, 2018 (Zhongchai Holding)**

	Greenland (Historical)	Zhongchai Holding (Historical)	Combined Pro Forma
Statements of Operations Data:			
Total revenue	\$ —	\$ 60,213,088	\$ 60,213,088
Costs of goods sold	—	46,139,858	46,139,858
Total operating expenses	372,998	5,375,978	5,748,976
(Loss) income from operations	(372,998)	8,697,252	8,324,254
Net income (loss)	(66,784)	6,623,551	6,295,488
Net income attributable to noncontrolling interests	—	741,077	741,077
Net income (loss) attributable to the Company	\$ (66,784)	\$ 5,882,474	\$ 5,554,411
Weighted average shares outstanding, basic and diluted	1,415,310		10,006,143
Basic and diluted (loss) income per share	\$ (0.24)		\$ 0.56

**As of August 31, 2019 (Greenland) and
June 30, 2019 (Zhongchai Holding)**

	Greenland (Historical)	Zhongchai Holding (Historical)	Combined Pro Forma
Balance Sheet Data:			
Cash and cash equivalents	\$ 192,000	\$ 4,714,552	\$ 8,272,689
Restricted cash	\$ —	\$ 562,945	\$ 562,945
Marketable securities held in trust account	\$ 45,470,537	\$ —	\$ —
Total assets	\$ 45,707,261	\$ 106,473,436	\$ 110,076,297
Current maturities of long-term debt	\$ —	\$ 34,049,066	\$ 34,049,066
Long-term debt, net of current maturities	\$ —	\$ 1,818,235	\$ 1,818,235
Total liabilities	\$ 1,983,907	\$ 63,940,371	\$ 64,013,698
Ordinary shares subject to possible redemption	\$ 38,723,353	\$ —	\$ —
Total shareholders' equity	\$ 5,000,001	\$ 42,533,065	\$ 46,062,599

COMPARATIVE PER SHARE INFORMATION

The following table sets forth historical comparative per share information of Greenland and Zhongchai Holding on a stand-alone basis and the unaudited pro forma condensed combined per share information after giving effect to the Business Combination.

The historical information should be read in conjunction with the information in the sections entitled “*Selected Historical Financial Information of Greenland*” and “*Selected Historical Consolidated Financial and Other Data of Zhongchai Holding*” and the historical financial statements of Greenland and Zhongchai Holding included elsewhere in the Definitive Proxy Statement. The unaudited pro forma condensed combined per share information is derived from, and should be read in conjunction with, the information contained in the section of this Form 8-K entitled “*Selected Unaudited Pro Forma Condensed Combined Financial Information.*”

The unaudited pro forma combined share information does not purport to represent what the actual results of operations of the Company would have been had the Business Combination been completed or to project the Company’s results of operations that may be achieved after the Business Combination. The unaudited pro forma shareholders’ equity per share information below does not purport to represent what the value of Zhongchai Holding and Greenland would have been had the Business Combination been completed nor the shareholders’ equity per share for any future date or period.

	Greenland (Historical)	Zhongchai Holding (Historical)	Combined Pro Forma – No Redemptions
Nine Months Ended August 31, 2019 (Greenland) and Six Months Ended June 30, 2019 (Zhongchai Holding)			
Net (loss) income	\$ (302,513)	\$ 2,671,948	\$ 2,142,473
Shareholders’ equity	\$ 5,000,001	\$ 42,533,065	\$ 46,062,599
Weighted average ordinary shares outstanding – basic and diluted	1,931,932	n/a	10,006,143
Net (loss) income per share attributable to ordinary shares – basic and diluted	\$ (0.48)	\$ n/a	\$ 0.21
Shareholders’ equity per share – basic and diluted	\$ 2.59	\$ n/a	\$ 4.60

For the Period from December 28, 2017 (inception) through November 30, 2018 (Greenland) and for the year ended December 31, 2018 (Zhongchai Holding)

Net (loss) income	\$ (66,784)	\$ 5,882,474	\$ 5,554,411
Weighted average ordinary shares outstanding – basic and diluted	1,415,310	n/a	10,006,143
Net (loss) income per share attributable to ordinary shares – basic and diluted	\$ (0.24)	\$ n/a	\$ 0.56

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Introduction

Greenland is providing the following unaudited pro forma combined financial information to aid you in your analysis of the financial aspects of the Business Combination.

The unaudited pro forma combined balance sheet as of August 31, 2019 gives pro forma effect to the Business Combination as if it had been consummated as of that date. The unaudited pro forma combined statements of operations for the nine months ended August 31, 2019 and year ended November 30, 2018 give pro forma effect to the Business Combination as if it had occurred as of the earliest period presented. This information should be read together with Zhongchai Holding's and Greenland's respective audited and unaudited financial statements and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations of Zhongchai Holding," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Greenland" and other financial information included in elsewhere in this Form 8-K and in the Definitive Proxy Statement.

The unaudited pro forma combined balance sheet as of August 31, 2019 has been prepared using the following:

- Zhongchai Holding's unaudited historical consolidated balance sheet as of June 30, 2019; and
- Greenland's unaudited historical balance sheet as of August 31, 2019, as included as an exhibit in this Form 8-K.

The unaudited pro forma combined statement of operations for the nine months ended August 31, 2019 has been prepared using the following:

- Zhongchai Holding's unaudited historical consolidated statement of operations and comprehensive income for the six months ended June 30, 2019; and
- Greenland's unaudited historical statement of operations for the nine months ended August 31, 2019, as included as an exhibit in this Form 8-K.

The unaudited pro forma combined statement of operations for the year ended November 30, 2018 has been prepared using the following:

- Zhongchai Holding's audited historical consolidated statement of operations and comprehensive income for the year ended December 31, 2018; and
- Greenland's audited historical statement of operations for the period from December 28, 2017 (inception) through November 30, 2018.

Description of the Transaction

The Business Combination consists of a series of transactions pursuant to which Greenland acquired 100% of the issued and outstanding capital stock of Zhongchai Holding, in exchange for the issuance of 7,500,000 Greenland Shares to the Zhongchai Equity Holder.

Accounting for the Transaction

The Business Combination will be accounted for as a reverse merger, accompanied by a recapitalization, in accordance with U.S. GAAP. Under this method of accounting, Greenland will be treated as the "acquired" company for financial reporting purposes. This determination was primarily based on Zhongchai Equity Holder controlling the majority of the relative voting rights, Zhongchai Equity Holder being expected to have the largest interest of the combined company, Zhongchai Holding's senior management comprising the senior management of the combined company, the relative size of Zhongchai Holding compared to Greenland, and Zhongchai Holding's operations comprising the ongoing operations of the combined company. Accordingly, for accounting purposes, the Business Combination will be treated as the equivalent of Zhongchai Holding issuing stock for the net assets of Greenland, accompanied by a recapitalization. The net assets of Greenland will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Zhongchai Holding.

Basis of Pro Forma Presentation

The historical financial information has been adjusted to give pro forma effect to events that are related and/or directly attributable to the Business Combination, are factually supportable, and as it relates to the unaudited pro forma combined statements of operations, are expected to have a continuing impact on the results of the combined company. The adjustments presented on the unaudited pro forma combined financial statements have been identified and presented to provide relevant information necessary for an accurate understanding of the combined company upon consummation of the Business Combination.

The unaudited pro forma combined financial information is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on the unaudited pro forma combined financial information as being indicative of the historical financial position and results that would have been achieved had the companies always been combined or the future financial position and results that the combined company will experience. Zhongchai Holding and Greenland have not had any historical relationship prior to the Business Combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

Included in the shares outstanding and weighted average shares outstanding as presented in the pro forma combined financial statements are 7,500,000 Greenland Shares issued to the Zhongchai Equity Holder.

PRO FORMA COMBINED BALANCE SHEET
AS OF AUGUST 31, 2019
(UNAUDITED)

	(A) Zhongchai	(B) Greenland	Pro Forma Adjustments	Pro Forma Balance Sheet
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,714,552	\$ 192,000	\$ 45,470,537	(1)
			250,000	(2)
			(1,150,000)	(3)
			(1,901,162)	(4)
			(39,303,238)	(5)
Restricted cash	562,945	-	-	562,945
Notes receivable	14,972,902	-	-	14,972,902
Accounts receivables, net	12,856,480	-	-	12,856,480
Inventories	12,419,855	-	-	12,419,855
Prepaid expenses and other current assets	285,435	44,724	-	330,159
Total Current Assets	45,812,169	236,724	3,366,137	49,415,030
Marketable securities held in Trust Account	-	45,470,537	(45,470,537)	(1)
Property, plant and equipment, net	21,327,045	-	-	21,327,045
Land use rights, net	3,964,270	-	-	3,964,270
Deferred tax assets	533,908	-	-	533,908
Goodwill	3,947	-	-	3,947
Due from related parties	34,030,261	-	-	34,030,261
Other assets	801,836	-	-	801,836
Total Assets	\$ 106,473,436	\$ 45,707,261	\$ (42,104,400)	\$ 110,076,297
Liabilities and Shareholders' Equity				
Current liabilities:				
Current maturities of long-term debt	\$ 34,049,066	\$ -	\$ -	\$ 34,049,066
Accounts payable and accrued expenses	16,710,619	73,327	-	16,783,946
Taxes payable	97,675	-	-	97,675
Customer deposits	62,941	-	-	62,941
Promissory note - related party	-	210,000	(210,000)	(3)
Due to related party	3,617,753	-	-	3,617,753
Other current liabilities	2,706,477	-	-	2,706,477
Total Current Liabilities	57,244,531	283,327	(210,000)	57,317,858
Long-term debt	1,818,235	-	-	1,818,235
Convertible promissory notes - related party	-	690,000	250,000	(2)
			(940,000)	(3)
Deferred underwriting fee	-	1,010,580	(1,010,580)	(4)
Other liabilities	4,877,605	-	-	4,877,605
Total Liabilities	63,940,371	1,983,907	(1,910,580)	64,013,698
Commitments and Contingencies				
Ordinary shares subject to redemption	-	38,723,353	(38,723,353)	(5)
Shareholders' Equity				
Ordinary Shares	1,290	5,369,298	(579,885)	(5)
			11,930,718	(6)
			450,000	(7)
Additional paid-in capital	12,300,015	-	(12,300,015)	(6)
Retained earnings (Accumulated deficit)	21,863,375	(369,297)	(890,582)	(4)
			369,297	(6)
			(450,000)	(7)
Accumulated other comprehensive income	447,218	-	-	447,218
Total Shareholders' Equity	34,611,898	5,000,001	(1,470,467)	38,141,432
Non-controlling interest	7,921,167	-	-	7,921,167
Total Equity	42,533,065	5,000,001	(1,470,467)	46,062,599
Total Liabilities and Shareholders' Equity	\$ 106,473,436	\$ 45,707,261	\$ (42,104,400)	\$ 110,076,297

Pro Forma Adjustments to the Unaudited Combined Balance Sheet

- (A) Derived from the unaudited consolidated balance sheet of Zhongchai Holding as of June 30, 2019.
- (B) Derived from the unaudited balance sheet of Greenland as of August 31, 2019.
- (1) Reflects the release of cash from marketable securities held in the Trust Account.
- (2) Reflects additional loans received from the Sponsor to fund working capital purposes.
- (3) Reflects the repayment of promissory notes payable and convertible notes payable to the Sponsor at the closing of the Business Combination.
- (4) Reflects the payment of fees and expenses related to the Business Combination, including the deferred underwriting fee of approximately \$1.01 million, legal, financial advisory, accounting and other professional fees. The direct, incremental costs of the Business Combination related to the legal, financial advisory, accounting and other professional fees of approximately \$0.9 million is reflected as an adjustment to accumulated deficit and is not shown as an adjustment to the statement of operations since it is a nonrecurring charge resulting directly from the Business Combination.
- (5) To reflect the cancellation of 3,794,057 ordinary shares for shareholders who elected cash conversion for cash payment of \$39,303,238.
- (6) Reflects recapitalization of Zhongchai Holding through (a) the contribution of all the share capital in Zhongchai Holding to Greenland, (b) the issuance of 7,500,000 Greenland Shares and (c) the elimination of the historical accumulated deficit of Greenland, the accounting acquiree.
- (7) Reflects the issuance of 50,000 Greenland Shares, valued at \$0.50 million (or approximately \$9.00 per share) to Hanyi Zhou, an independent third party that acted as a finder in connection with the Business Combination, as compensation for services provided. The amount is reflected as an adjustment to accumulated deficit and is not shown as an adjustment to the statement of operations since it is a nonrecurring charge resulting directly from the Business Combination.

Upon consummation of the Business Combination, 4,682,000 rights converted into 468,200 Greenland Shares.

PRO FORMA COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED AUGUST 31, 2019
(UNAUDITED)

	(A) <u>Zhongchai</u>	(B) <u>Greenland</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma Income Statement</u>
Revenues	\$ 28,550,770	\$ -	\$ -		\$ 28,550,770
Cost of goods sold	21,925,996	-	-		21,925,996
Gross profit	<u>6,624,774</u>	<u>-</u>	<u>-</u>		<u>6,624,774</u>
Operating expenses					
Selling expenses	598,096	-	-		598,096
General and administrative expenses	890,293	994,570	(456,136)	(1)	1,428,727
Research and development	1,150,779	-	-		1,150,779
Total operating expenses	<u>2,639,168</u>	<u>994,570</u>	<u>(456,136)</u>		<u>3,177,602</u>
Operating income (loss)	<u>3,985,606</u>	<u>(994,570)</u>	<u>456,136</u>		<u>3,447,172</u>
Other income (expense):					
Interest income	13,093	717,589	(717,589)	(2)	13,093
Unrealized gain on marketable securities	-	5,561	(5,561)	(2)	-
Interest expense	(877,543)	-	-		(877,543)
Other	462,047	(31,093)	-		430,954
Income (loss) before income taxes	<u>3,583,203</u>	<u>(302,513)</u>	<u>(267,014)</u>		<u>3,013,676</u>
Provision for income taxes	576,951	-	(40,052)	(3)	536,899
Net income	<u>3,006,252</u>	<u>(302,513)</u>	<u>(226,962)</u>		<u>2,476,777</u>
Less: net income attributable to noncontrolling interest	334,304	-	-		334,304
Net income (loss) attributable to Company	<u>\$ 2,671,948</u>	<u>\$ (302,513)</u>	<u>\$ (226,962)</u>		<u>\$ 2,142,473</u>
Weighted average shares outstanding, basic and diluted		<u>1,931,932</u>	8,074,211	(4)	<u>10,006,143</u>
Basic and diluted net (loss) income per share		<u>\$ (0.48)</u>			<u>\$ 0.21</u>

PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED NOVEMBER 30, 2018
(UNAUDITED)

	(C) Zhongchai	(D) Greenland	Pro Forma Adjustments		Pro Forma Income Statement
Revenues	\$ 60,213,088	\$ -	\$ -		\$ 60,213,088
Cost of goods sold	46,139,858	-	-		46,139,858
Gross profit	14,073,230	-	-		14,073,230
Operating expenses					
Selling expenses	1,215,976	-	-		1,215,976
General and administrative expenses	1,647,599	372,998	-		2,020,597
Research and development	2,512,403	-	-		2,512,403
Total operating expenses	5,375,978	372,998	-		5,748,976
Operating income (loss)	8,697,252	(372,998)	-		8,324,254
Other income (expense):					
Interest income	22,668	315,911	(315,911)	(2)	22,668
Unrealized loss on marketable securities	-	(8,524)	8,524	(2)	-
Interest expense	(1,554,864)	-	-		(1,554,864)
Other	851,451	(1,173)	-		850,278
Income (loss) before income taxes	8,016,507	(66,784)	(307,387)		7,642,336
Provision for income taxes	1,392,956	-	(46,108)	(3)	1,346,848
Net income (loss)	6,623,551	(66,784)	(261,279)		6,295,488
Less: net income attributable to noncontrolling interest	741,077	-	-		741,077
Net income (loss) attributable to Company	\$ 5,882,474	\$ (66,784)	\$ (261,279)		\$ 5,554,411
Weighted average shares outstanding, basic and diluted		1,415,310	8,590,833	(4)	10,006,143
Basic and diluted net loss (income) per share		\$ (0.24)			\$ 0.56

Pro Forma Adjustments to the Unaudited Combined Statements of Operations

- (A) Derived from the unaudited consolidated statement of operations and comprehensive income of Zhongchai Holding for the six months ended June 30, 2019.
- (B) Derived from the unaudited statement of operations of Greenland for the nine months ended August 31, 2019.
- (C) Derived from the audited consolidated statement of operations and comprehensive income of Zhongchai Holding for the year ended December 31, 2018.
- (D) Derived from the audited statement of operations of Greenland for the period from December 28, 2017 (inception) through November 30, 2018.
- (1) Represents an adjustment to eliminate direct, incremental costs of the Business Combination which are reflected in the historical consolidated financial statements of Zhongchai and Greenland in the amount of \$0.15 million and \$0.30 million, respectively, for the nine months ended August 31, 2019. There were no such amounts recorded for the year ended November 30, 2018.
- (2) Represents an adjustment to eliminate interest income and unrealized loss on marketable securities held in the Trust Account as of the beginning of the period.
- (3) To record the tax effect of the pro forma adjustments applied at Zhongchai Holding's normalized blended statutory income tax rate of 15.0%.
- (4) The calculation of weighted average shares outstanding for basic and diluted net income (loss) per share assumes that the IPO occurred as of the earliest period presented. In addition, as the Business Combination is being reflected as if it had occurred on this date, the calculation of weighted average shares outstanding for basic and diluted net income (loss) per share assumes that the shares have been outstanding for the entire period presented. This calculation is retroactively adjusted to eliminate the number of shares redeemed in the Business Combinations for the entire period.

The following presents the calculation of basic and diluted weighted average shares outstanding. The computation of diluted income (loss) per share excludes the effect of (1) Warrants to purchase 2,341,000 Greenland Shares and (2) a unit purchase option exercisable for 240,000 Greenland Shares, Warrants to purchase 120,000 Greenland Shares and Rights that convert into 24,000 Greenland Shares, because the inclusion of these securities would be anti-dilutive.

Nine Months Ended August 31, 2019 and Year Ended November 30, 2018	Combined
Weighted average shares calculation, basic and diluted	
Greenland Public Shares ⁽¹⁾	1,045,943
Greenland Shares held by Sponsor and Chardan ⁽¹⁾	1,410,200
Greenland Shares issued to Zhongchai Equity Holder in Business Combination	7,500,000
Greenland Shares issued to finder in Business Combination	50,000
Weighted average shares outstanding	10,006,143
Percent of shares owned by existing Zhongchai Equity Holder	75.0%
Percent of shares owned by existing holders of Greenland Shares	24.5%
Percent of shares owned by third party	0.5%

- (1) Includes shares received upon the conversion of rights.