

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2023

OR

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

OR

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

Date of event requiring this shell company report:

For the transition period from _____ to _____.

Commission file number: 001-39564

MingZhu Logistics Holdings Limited
(Exact name of Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)

27F, Yantian Modern Industry Service Center
No. 3018 Shayan Road, Yantian District
Shenzhen, Guangdong, China 518081
(86) 755-25209839
(Address of principal executive offices)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, DE
(302) 738-6680
(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary shares, par value US\$0.001 per share	YGMZ	Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

As of May 15, 2024, there were 37,106,322 ordinary shares, par value \$0.001 per share, of the registrant issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No X

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐ Yes ☒ No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☒ U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

MINGZHU LOGISTICS HOLDINGS LIMITED

FORM 20-F ANNUAL REPORT

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PART I

CERTAIN INFORMATION

In this annual report on Form 20-F, unless otherwise indicated, "we," "us," "our," and the "Company" refer to MingZhu Logistics Holdings Limited, a company organized in the Cayman Islands, and its predecessor entities.

Unless we indicate otherwise, all information in this annual report reflects the following:

- "CACR" refers to the estimated compound annual growth rate;
- "China" or "PRC" refer to the People's Republic of China, excluding, for the purpose of this annual report only, Taiwan, Hong Kong and Macau;
- "Companies Act" refers to the Companies Act (Revised) of the Cayman Islands;
- "CSRC" refers to the China Securities Regulatory Commission;
- "Exchange Act" refers to the Securities Exchange Act of 1934, as amended;
- "FIE" refers to a foreign-invested enterprise;
- "FINRA" refers to the Financial Industry Regulatory Authority, Inc.;
- "GAAP" refers to the generally accepted accounting principles in the United States;
- "HK\$", "HKD" or "Hong Kong dollars" refers to the legal currency of the Hong Kong Special Administrative Region;
- "initial public offering" refers to our initial public offering, in which we offered and sold an aggregate of 3,354,040 ordinary shares at an offering price of US\$4.00 per share, including a partial exercise of the underwriters' over-allotment;
- "JOBS Act" refers to the Jumpstart Our Business Startups Act, enacted in April 2012;
- "KPIs" refers to key performance indicators;
- "We," "us," "our company," "the company," "our," or similar terms used in this annual report refer to *MingZhu Logistics Holdings Limited, a Cayman Islands exempted company*.
- "MingZhu" refers to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd., one of our operating subsidiaries in the PRC;
- "MOFCOM" refers to China's Ministry of Commerce;
- "ordinary shares" refers to our ordinary shares par value US\$0.001 per share;

- "PCAOB" refers to the Public Company Accounting Oversight Board of the United States;
- "PFIC" refers to a passive foreign investment company;
- "Registration Statement" refers to the registration statement we have filed with the SEC (as defined below) relating to this offering of which this annual report forms a part;
- "RMB" or "Renminbi" refer to the legal currency of the People's Republic of China;
- "SAFE" refers to China's State Administration of Foreign Exchange;
- "SAT" refers to China's State Administration of Taxation;
- "SEC" refers to the United States Securities and Exchange Commission;
- "Securities Act" refers to the Securities Act of 1933, as amended; and
- "Unit" or "Units" refer to the 3,333,335 Units of securities of the Company that were sold on March 12, 2021, with each Unit consisting of (a) one ordinary share, par value US\$0.001 per share and (b) one warrant to purchase 0.75 ordinary share at an exercise price equal to \$6.60, exercisable for three years and six months after the issuance date and subject to certain adjustment and cashless exercise provisions as described herein.
- "US\$", "\$", "dollars", "USD" or "U.S. dollars" refer to the legal currency of the United States.

We use U.S. dollars as the reporting currency in our financial statements and in this annual report. Monetary assets and liabilities denominated in Renminbi are translated into U.S. dollars at the rates of exchange as of the applicable balance sheet date. Equity accounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rates for the applicable period. In other parts of this annual report, any Renminbi denominated amounts are accompanied by the related translations. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions — overseas investments in areas including real estate, hotels, cinemas, the entertainment industry, and sports clubs will be limited, while

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. Known and unknown risks, uncertainties and other factors, including those listed under "3.D. Risk Factors", may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the logistics industry, particularly, in China;
- our expectations regarding demand for and market acceptance of our marketplace's products and services;
- our expectations regarding our platform's base of borrowers and investors;
- our plans to invest in our platform;
- our relationships with our partners;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements are subject to various and significant risks and uncertainties, including those which are beyond our control. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should thoroughly read this annual report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. We disclaim any obligation to update our forward-looking statements, except as required by law.

This annual report contains certain data and information that we obtained from various government and private publications, including industry data and information from Frost & Sullivan. Statistical data in these publications also include projections based on a number of assumptions. The transportation services market in China may not grow at the rate projected by market data, or at all. Failure of this industry to grow at the projected rate may have a material adverse effect on our business and the market price of our ordinary shares.

In addition, the new and rapidly changing nature of the transportation industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our industry. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

3.A. Reserved

3.B. Capitalization and Indebtedness

Not Applicable.

3.C. Reasons for The Offer and Use Of Proceeds

Not Applicable.

3.D. Risk Factors

Investing in our securities is highly speculative and involves a significant degree of risk. You should carefully consider the following risks, as well as other information contained in this annual report, before making an investment in our company. The risks discussed below could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows, ability to pay dividends and the trading price of our ordinary shares. Additional risks and uncertainties not

Summary of Risk Factors

The following summary description sets forth an overview of the material risks we are exposed to in the normal course of our business activities. The summary does not purport to be complete and is qualified in its entirety by reference to the full risk factor discussion immediately following this summary description. We encourage you to read the full risk factor discussion carefully. Our business, results of operations and financial condition could be materially and adversely affected by any of the following material risks:

- We are a Cayman Islands holding company with no equity ownership in our VIEs and we conduct our operations in China through (i) our PRC subsidiaries and (ii) our VIEs with which we have maintained contractual arrangements.
- We rely on contractual arrangements with our VIE and its shareholders to exercise control over our business, which may not be as effective as direct ownership in providing operational control.
- Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current structure, our business, financial condition and results of operations.
- Our contractual arrangements are governed by PRC law. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures, which may not protect you as much as those of other jurisdictions, such as the United States.
- In the event we are unable to enforce the contractual arrangements with VIEs, we may not be able to exert effective control over the VIEs. If the government of the PRC finds that VIE Agreements do not comply with PRC laws, we could be subject to significant penalties or be forced to relinquish our interests in those operations or we could be unable to assert our contractual control rights over the VIEs.
- The PRC government has significant authority to regulate or intervene in the China operations of an offshore holding company, such as us, at any time. Therefore, investors in our ordinary shares and our business face potential uncertainty from the PRC government's policy.
- Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business the Company may be able to conduct in the PRC and accordingly on the results of its operations and financial condition.
- There are uncertainties under the PRC laws relating to the procedures and time requirement for the U.S. regulators to bring about investigations and evidence collection within the territory of the PRC.
- The failure to comply with PRC regulations relating to mergers and acquisitions of domestic enterprises by offshore special purpose vehicles may subject the Company to severe fines or penalties and create other regulatory uncertainties regarding the Company's corporate structure.
- The Holding Foreign Companies Accountable Act, recent regulatory actions taken by the SEC and PCAOB, and proposed rule changes submitted by U.S. stock exchanges calling for additional and more stringent criteria to be applied to China-based public companies could add uncertainties to our capital raising activities and compliance costs.

- Cyber-attacks, computer viruses, physical or electronic break-ins or other unauthorized access to our or our business partners' computer systems could result in misuse of confidential information and misappropriation of funds of our borrowers and investors, subject us to liabilities, cause reputational harm and adversely impact our results of operations and financial condition.
- Our reliance on major customers and any loss of our major customers or changes in their demands for our services would likely have a material adverse effect on our business, results of operations, financial conditions and prospect.
- We generate a significant portion of our revenue from transportation services of slack coal in Xinjiang. Our reliance on such services subjects us to risks resulting from any decline in the business performance of our customers in the slack coal industry and adverse events in the slack coal industry or in the Xinjiang region in general.
- Our cash flow position may deteriorate owing to the difference in timing between receipt of payments from our customers and payments to our suppliers and subcontractors if we are unable to such timing difference and its impact on our cash flow properly.
- We rely on subcontractors to handle a proportion of our trucking services. Any delay or failure in their services would adversely affect our operations and financial results.
- Difficulty in obtaining material, equipment, goods and services from our vendors and suppliers could adversely affect our business.
- The trucking service market in the PRC is highly competitive and fragmented, which subjects us to competitive pressures pertaining to pricing, capacity and service.
- The trucking service market is affected by economic and business risks that are largely beyond our control.
- We are, to a certain extent, dependent on the consumer and retail market in the PRC.
- We may not be able to implement all or any of our business plans successfully.
- Our business operations have been and may continue to be materially and adversely affected by the outbreak of the coronavirus disease (COVID-19).
- Our results of operations may fluctuate significantly and may not fully reflect the underlying performance of our business.
- We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

- We will be subject to changing laws, rules and regulations in the U.S. regarding regulatory matters, corporate governance and public disclosure that will increase both our costs and the risks associated with non-compliance.
- Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.
- We have identified material weaknesses in our internal accounting controls, and if we fail to implement and maintain an effective system of internal controls or fail to remediate the material weaknesses in our internal control over financial reporting that have been identified, we may be unable to accurately report our results of operations or prevent fraud or fail to meet our reporting obligations, and customer confidence and the market price of our ordinary shares may be materially and adversely affected.

Risks Related to Our Corporate Structure

We are a Cayman Islands holding company with no equity ownership in our VIEs and we conduct our operations in China through (i) our PRC subsidiaries and (ii) our VIEs with which we have maintained contractual arrangements.

We are a Cayman Islands holding company with no equity ownership in the VIEs and we conduct our operations in China through (i) our PRC subsidiaries and (ii) the VIEs and their subsidiaries with which we have maintained contractual arrangements. Investors of our ordinary shares or the ADSs thus are not purchasing equity interest in the VIEs and their subsidiaries in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government deems that our contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company in the Cayman Islands, the VIEs, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the validity and enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group.

We rely on contractual arrangements with our VIE and its shareholders to exercise control over our business, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with VIEs, and their shareholders, to operate a portion of our business in China. These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIE. For example, the VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. If we had direct ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIE and its shareholders of their respective obligations under the contracts to exercise control over the VIE. The shareholders of the VIE may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with the VIE. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through arbitration, litigation or other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. Therefore, our contractual arrangements with the VIE may not be as effective in controlling our business operations as direct ownership.

Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current structure, our business, financial condition and results of operations.

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "FITE Regulations") promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services, or VATS, including Internet Content Provider ("ICP") services. In addition, foreign-invested telecommunication enterprises should meet the requirements as prescribed in the relevant regulations. We have to conduct our VATS business through the VIEs.

On March 15, 2019, the Standing Committee of the National People's Congress of the PRC passed the Foreign Investment Law of the People's Republic of China, or the Foreign Investment Law, which took effect on January 1, 2020 and replaced three existing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. Among other things, the Foreign Investment Law defines the "foreign investment" as the investment activities in China conducted by foreign individuals, enterprises and other organizations, or collectively, the Foreign Investors, in a direct or indirectly manner, including any of the following circumstances: (1) the foreign investor establishes a foreign-invested enterprise within the territory of China, independently or jointly with any other investor; (2) the foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within the territory of China; (3) the foreign investor makes investment to initiate a new project within the territory of China, independently or jointly with any other investor; and (4) the foreign investor makes investment in any other way stipulated by laws, administrative regulations or provisions of the State Council. The Foreign Investment Law leaves uncertainty with respect to whether Foreign Investors controlled PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment". PRC governmental authorities will administrate foreign investment by applying the principal of pre-entry national treatment together with a "negative list," or the Negative List, which shall be promulgated by or promulgated with approval by the State Counsel, to be specific, Foreign Investors are prohibited from making any investments in the fields which are catalogued into prohibited industries for foreign investment based on the Negative List, while Foreign Investors are allowed to make investments in the restricted industries provided that all the requirements and conditions as set forth in the Negative List have been satisfied; when Foreign Investors make investments in the fields other than those included in the Negative List, the national treatment principle shall apply. Besides, certain approval and/or filing requirements shall be fulfilled in accordance with applicable foreign investment laws and regulations.

If our control over the VIE through contractual arrangements are deemed as foreign investment in the future, and any business of the VIE is restricted or prohibited from foreign investment under the "negative list" effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over the VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation and consequently affecting our ability to prepare for and seek approval and commercialization of our product candidates both in China and elsewhere.

Contractual arrangements in relation to the VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owes additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine the contractual arrangements among the VIEs and its shareholders were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of the VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIEs for PRC tax purposes, which could increase our tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by the VIEs that are important to our business if the VIEs declare bankruptcy or become subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements with the VIEs, the VIEs hold certain assets that are material to the operation of certain portion of our business, including permits, domain names and certain of our intellectual property rights. If the VIEs are declared bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIEs may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If our consolidated affiliated entity undergoes a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

If the chops of our PRC subsidiaries or VIEs are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries and VIEs are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

Our contractual arrangements are governed by PRC law. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures, which may not protect you as much as those of other jurisdictions, such as the United States.

All the agreements under our contractual arrangements with the VIEs and their equity owners are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law, and our contractual arrangements have not been tested in court. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs, and our ability to conduct our business may be negatively affected.

In the event we are unable to enforce the contractual arrangements with VIEs, we may not be able to exert effective control over the VIEs. If the government of the PRC finds that VIE Agreements do not comply with PRC laws, we could be subject to significant penalties or be forced to relinquish our interests in those operations or we could be unable to assert our contractual control rights over the VIEs.

We do not own any direct equity interest in VIEs. Instead, we control and receive the economic benefits of VIEs' business operations through certain contractual arrangements in lieu of direct equity ownership. A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest, such as through voting rights, right to receive the expected residual returns of the entity or obligation to absorb the expected losses of the entity. We have the power to direct activities at VIEs that most significantly impact VIEs' economic performance, and has the right to receive benefits from VIEs. As such, we exert control over VIEs and is the primary beneficiary of the VIEs, for accounting purposes, based upon such contractual arrangements. All the agreements under our contractual arrangements with the VIEs and their equity owners are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. As of the date hereof, the agreements governed by PRC law that serve as the basis for a VIE arrangement have not been tested in a court of law. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Currently, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs. These uncertainties or an adverse outcome of an arbitration may adversely affect our operations.

If we or any of our VIEs are found to be in violation of any existing or future local laws or regulations, the relevant regulatory authorities might have the discretion to:

- revoke the business and operating licenses of the VIEs;
- confiscate relevant income and impose fines and other penalties;
- discontinue or restrict the operations of the VIEs;
- require us or the VIEs to restructure the relevant ownership structure or operations;
- restrict or prohibit our ability to finance our businesses and operations in the relevant jurisdiction; or
- impose conditions or requirements with which we or VIEs may not be able to comply.

If the government of the PRC finds that VIE Agreements, do not comply with PRC laws, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to significant penalties or be forced to relinquish our interests in those operations or we could be unable to assert our contractual control rights over the VIEs, which could cause the value of our common stock to depreciate significantly.

Risks Related to Doing Business in China

The PRC government has significant authority to regulate or intervene in the China operations of an offshore holding company, such as us, at any time. Therefore, investors in our ordinary shares and our business face potential uncertainty from the PRC government's policy.

We conduct our operations in China through our PRC subsidiaries and VIEs. Our operations in China are governed by PRC laws and regulations. The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ordinary shares. The Chinese government may intervene or influence the operation of our operating entities and exercise significant oversight and discretion over the conduct of their business and may intervene in or influence their operations at any time or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in operations and/or the value of our shares. Further, any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

On December 24, 2021, the China Securities Regulatory Commission (the "CSRC") issued the Administrative Provisions of the State Council Regarding the Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comments) (the "Draft Administrative Provisions") and the Measures for the Overseas Issuance of Securities and Listing Record-Filings by Domestic Enterprises (Draft for Comments) (the "Draft Filing Measures," collectively with the Draft Administrative Provisions, the "Overseas Issuance and Listing Regulations Drafts"), which are currently published for public comments only. According to the Overseas Issuance and Listing Regulations Drafts, among other things, after making initial applications with overseas stock markets for initial public offerings or any offerings after the initial public offering, all domestic companies shall file with the CSRC within three working days. The Overseas Issuance and Listing Regulations Drafts further stipulate that a fine between RMB 1 million and RMB 10 million may be imposed if an applicant fails to fulfill the filing requirements with the CSRC or conducts an overseas offering or listing in violation of the Overseas Issuance and Listing Regulations Drafts, and in cases of severe violations, a parallel order to suspend relevant businesses or halt operations for rectification may be issued, and relevant business permits or operational licenses revoked. The Overseas Issuance and Listing Regulations Drafts, if enacted, may subject us to additional compliance requirements in the future, and though we believe that none of the situations that would significantly limit our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless.

Furthermore, the Ministry of Commerce ("MOFCOM") and the National Development and Reform Commission ("NDRC") promulgated the Special Administrative Measures for Access of Foreign Investment (2021 Edition), or the Negative List (2021), stipulates that if a domestic enterprise engaged in business in the prohibited investment field issues shares abroad and is listed for trading, it shall be examined and approved by the relevant competent authorities of the state. According to a press release issued by the NDRC in relation to the Negative List (2021), the above provisions are only applicable to the direct overseas listing of domestic enterprises engaged in the prohibited investment field. We believe our listing on Nasdaq does not constitute a direct overseas listing of domestic enterprises mentioned in the above press release and therefore we are not subject to the examination and approval by the relevant competent authorities of the state in accordance with the Negative List (2021). However, the above regulations and drafts for comments also indicate the intention of the Chinese government to increase its regulation of offshore investment in company's utilizing the VIE structure to participate in the prohibited investment fields. If relevant governmental authority determines or new future rules provides that we are required to obtain the approval, we would have to apply for such approval. There is no assurance that we will be able to obtain such approval in time or at all. If we fail to obtain the approve as required or in a timely manner, the VIE arrangement may be deemed illegal and ordered to be cancelled by relevant government authorities, and other administrative measures or penalties may be imposed on us, which could materially and adversely affect our business, financial condition, results of operations and the value of our shares. Any failure of us to fully comply with new regulatory requirements may significantly limit or completely hinder our ability to offer or continue to offer our shares, cause significant disruption to our business operations, severely damage our reputation, materially and adversely affect our financial condition and results of operations and cause our shares to significantly decline in value or become worthless.

The new, stricter regulations or interpretations of existing regulations imposed by the central or local governments may require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations, and if relevant regulations are issued and become effective in a short notice, we may not be able to take the required actions in a timely manner without allocating significant resource.

The Chinese economy differs from the economies of most developed countries in many respects, including a higher level of government involvement, the ongoing development of a market-oriented economy, a higher level of control over foreign exchange, and a less efficient allocation of resources.

While the PRC economy has experienced significant growth since the late 1970s, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. These measures are intended to benefit the overall PRC economy, but may also have a negative effect on us. For example, our business, financial condition and results of operations could be adversely affected by PRC government control over capital investments or changes in regulations that are applicable to us. The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. Although the PRC government has implemented measures since the late 1970s that emphasize the utilization of market forces for economic reform, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business the Company may be able to conduct in the PRC and accordingly on the results of its operations and financial condition.

The Company's business operations may be adversely affected by the current and future political environment in the PRC. The Chinese government exerts substantial influence and control over the manner in which the Company must conduct its business activities. The Company's ability to operate in China may be adversely affected by changes in Chinese laws and regulations. Under the current government leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activities and greater economic decentralization. However, the government of the PRC may not continue to pursue these policies, or may significantly alter these policies from time to time without notice.

There are certain uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing the Company's business, or the enforcement and performance of the Company's arrangements with clients. Only after 1979 did the Chinese government begin to promulgate a comprehensive system of laws that regulate economic affairs in general, deal with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, as well as encourage foreign investment in China. Although the influence of the law has been increasing, China has not developed a fully integrated legal

system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. Also, because these laws and regulations are relatively new, and because of the limited volume of published cases and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. In addition, there have been constant changes and amendments of laws and regulations over the past 30 years in order to keep up with the rapidly changing society and economy in China. Because government agencies and courts provide interpretations of laws and regulations and decide contractual disputes and issues, their inexperience in adjudicating new business and new policies or regulations in certain less developed areas causes uncertainty and may affect the Company's business. Consequently, we cannot predict the future direction of Chinese legislative activities with respect to either businesses with foreign investment or the effectiveness on enforcement of laws and regulations in China. The uncertainties, including new laws and regulations and changes of existing laws, as well as judicial interpretation by inexperienced officials in the agencies and courts in certain areas, may cause possible problems to foreign investors.

There are uncertainties under the PRC laws relating to the procedures and time requirement for the U.S. regulators to bring about investigations and evidence collection within the territory of the PRC.

On December 28, 2019, the newly amended Securities Law of the PRC (the "PRC Securities Law") was officially promulgated, which became effective on March 1, 2020. According to Article 177 of the PRC Securities Law ("Article 177"), the securities regulatory authority of the State Council may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration. Article 177 further provides that overseas securities regulatory authorities may not carry out investigations and evidence collection directly within the territory of the PRC, and that no Chinese entity or individual is allowed to provide any documents or materials related to securities business activities to overseas agencies without prior consent of the securities regulatory authority of the State Council and the competent departments of the State Council. Moreover, the Civil Procedure Law of the PRC, promulgated in 1991 and last amended in 2017, provides that except for the request for and provision of judicial assistance in accordance with international treaties concluded or participated by the PRC, or via diplomatic channels, no foreign agency or individual may, without the consent of the competent authorities of the PRC, carry out investigation or collect evidence within the territory of the PRC.

It is our understanding that (i) the Article 177 is applicable in the circumstances related to direct investigation or evidence collection conducted by overseas authorities within the territory of the PRC (in such case, the foregoing activities are required to be conducted through collaboration with or by obtaining prior consent of competent PRC authorities) and (ii) as of the date of this annual report, we are not aware of any implementing rules or regulations which have been published regarding application of the Article 177.

Our principal business operation is conducted in the PRC. In the event that the U.S. regulators carry out investigation on us and there is a need to conduct investigation or collect evidence within the territory of the PRC, the U.S. regulators may not be able to carry out the investigation or evidence collection directly in the PRC under the PRC laws. The U.S. regulators may consider cross-border cooperation with securities regulatory authority of the PRC by way of judicial assistance, diplomatic channels or regulatory cooperation mechanism established with the securities regulatory authority of the PRC. However, there is no assurance that the U.S. regulators could succeed in establishing such cross-border cooperation in a specific case or could establish the cooperation in a timely manner.

Furthermore, as the Article 177 is relatively new and there is no implementing rules or regulations which have been published regarding application of the Article 177, it remains unclear how the law will be interpreted, implemented or applied by the Chinese Securities Regulatory Commission or other relevant government authorities. As such, there are uncertainties as to the procedures and time requirement for the U.S. regulators to bring about investigations and evidence collection within the territory of the PRC. If U.S. regulators are unable to conduct such investigations, such U.S. regulators may determine to suspend and ultimately delist our ordinary shares from the Nasdaq Capital Market or choose to suspend or de-register our SEC registration.

If any of our subsidiaries fails to maintain the requisite registered capital, licenses and approvals required under PRC law, our business, financial condition and results of operations may be materially and adversely affected.

Numerous regulatory authorities of the central PRC government, provincial and local authorities are empowered to issue and implement regulations governing various aspects of the financial industry. Each of our subsidiaries may be required to obtain and maintain certain assets relevant to its business as well as applicable licenses or approvals from different regulatory authorities in order to provide its current services. These registered capitals, licenses and approvals will be essential to the operation of the Company's business. If any of our subsidiaries fails to obtain or maintain any of the required registered capital, licenses or approvals for its business, it may be subject to various penalties, such as confiscation of illegal net revenue, fines and the discontinuation or restriction of its operations. Any such disruption in its business operations could materially and adversely affect our business, financial condition and results of operations.

The failure to comply with PRC regulations relating to mergers and acquisitions of domestic enterprises by offshore special purpose vehicles may subject the Company to severe fines or penalties and create other regulatory uncertainties regarding the Company's corporate structure.

On August 8, 2006, the MOFCOM, joined by the China Securities Regulatory Commission ("CSRC"), the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation ("SAT"), the State Administration for Industry and Commerce (the "SAIC"), and the State Administration of Foreign Exchange ("SAFE"), jointly promulgated regulations entitled the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "M&A Rules"), which took effect as of September 8, 2006, and as amended on June 22, 2009. This regulation, among other things, has certain provisions that require offshore companies formed for the purpose of acquiring PRC domestic companies and controlled directly or indirectly by PRC individuals and companies which are the related parties with the PRC domestic companies, to obtain the approval of MOFCOM prior to engaging in such acquisitions and to obtain the approval of the CSRC prior to publicly listing special purpose vehicles' securities on an overseas stock market. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining CSRC approval.

If prior CSRC approval for overseas financings is required and not obtained, the Company may face severe regulatory actions or other sanctions from MOFCOM, the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines or other penalties on the Company's operations in the PRC, limit the Company's operating privileges in the PRC, delay or restrict the repatriation of the proceeds from overseas financings into the PRC, restrict or prohibit payment or remittance of dividends to us or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ordinary shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to delay or cancel overseas financings, to restructure the Company's corporate structure, or to seek regulatory approvals that may be difficult or costly to obtain.

The M&A Rules, along with certain foreign exchange regulations discussed below, will be interpreted or implemented by the relevant government authorities in connection with our future offshore financings or acquisitions, and we cannot predict how they will affect our acquisition strategy.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The M&A Rules and relevant regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. The M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have an impact on the national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored

The Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, or NPC, which became effective in August 2008, requires that when a concentration of undertakings occurs and reaches statutory thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly enforcement agency of the State Council. Without the clearance from such agency, no concentration of undertakings shall be implemented and effected. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the anti-monopoly enforcement agency of the State Council, when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 and amended in September 2018 is triggered. If such prior notification is not obtained, the anti-monopoly enforcement agency may order the concentration to cease its operations, dispose of shares or assets, transfer the business of the concentration within a time limit, take any other necessary measures to restore the situation as it was before the concentration, and may impose administrative fines. We also have not implemented monopolistic behaviors including monopoly agreements, abuse of a dominant position and concentration of undertakings that may have the effect to eliminate or restrict competition in the field of platform economy. However, since we anticipate that long term success in China's market will require consolidation of the many small participants in that market, and our goal is to be one of the survivors of that consolidation, when it happens. Aggressive enforcement of new anti-monopoly regulations could interfere with our ability to achieve that goal. As of the date of this report, we have not been involved in any investigations on anti-monopoly initiated by the related governmental regulatory authorities, and we have not received any inquiry, notice, warning, or sanction in such respect.

In addition, the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOFCOM in August 2011, specify that mergers and acquisitions by foreign investors involved in "an industry related to national security" are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions.

We cannot preclude the possibility that the MOFCOM or other government agencies may publish explanations contrary to our understanding or broaden the scope of such security reviews in the future, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "M&A Rules"), adopted by six PRC regulatory agencies in 2006 and amended in 2009, include, among other things, provisions that purport to require that an offshore special purpose vehicle, formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic enterprises or assets and controlled by PRC enterprises or individuals, to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, pursuant to the M&A Rules and other PRC laws, the CSRC published on its official website relevant guidance regarding its approval of the listing and trading of special purpose vehicles' securities on overseas stock exchanges, including a list of application materials. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. If the CSRC approval is required for any of our future offering of securities overseas or to maintain our offshore listing status on U.S. exchanges, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained, may subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which may materially and adversely affect our business, financial condition, and results of operations. On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. These opinions and any related implementation rules to be enacted may subject us to additional compliance requirement in the future. As these opinions were recently issued, official guidance to act upon and the interpretation thereof remain unclear at this time. We cannot assure that we will remain fully compliant with all new regulatory requirements of these opinions or any future implementation rules on a timely basis, or at all.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Administrative Measures") and relevant supporting guidelines (together with the Trial Administrative Measures, the "New Administrative Rules Regarding Overseas Listings"), which came into effective on March 31, 2023. According to the New Administrative Rules Regarding Overseas Listings, a company based in the mainland of China that seeks to offer and list securities in overseas markets should fulfill the filing procedure with the CSRC as per requirement of the Trial Administrative Measures. In particular, where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer should designate a major domestic operating entity as the domestic responsible entity to file with the CSRC. Initial public offerings or listings in overseas markets should be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities should be filed with the CSRC within 3 working days after the offering is completed. The required filing materials with the CSRC include (without limitation) record-filing reports and related undertakings and PRC legal opinions issued by domestic law firms (with related undertakings), in which the VIE structure (if applicable) and reasons and risk factor thereof is required to be clarified in details. In addition, under the New Administrative Rules Regarding Overseas Listings, a domestic company is prohibited from overseas offering and listing if any of the following circumstances is involved: (1) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; and (5) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Moreover, a domestic company that seeks to offer and list securities in overseas markets should abide by certain other regulatory requirements as set out in the New Administrative Rules Regarding Overseas Listings, including without limitation to, compliance with national secrecy, foreign investment, cybersecurity, data security, cross-border investment and financing, foreign exchange, and other laws and relevant provisions. Based on the New Administrative Rules Regarding Overseas Listings, we will be subject to additional filing requirements in connection with this offering and our follow-up offerings completed after such effective date, and we cannot assure you that we will be able to get the clearance of filing procedures under the New Administrative Rules Regarding Overseas Listings on a timely basis, or at all. Any failure of us to fully comply with new regulatory requirements will result in rectification, warnings and fines on our subsidiaries or VIEs, and may significantly limit or completely hinder our ability to continue to offer our securities, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our consolidated financial condition and results of operations and cause our securities to significantly decline in value or become worthless.

On December 27, 2021, the NDRC and MOFCOM jointly issued the Negative List (2021 Version), which became effective on January 1, 2022. Pursuant to the Negative List (2021 Version), if a PRC company engaging in the prohibited business stipulated in the Negative List (2021 Version) seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. The foreign investors of the issuer shall not be involved in the company's operation and management, and their shareholding percentages shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. As the 2021 Negative List is relatively new, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operation, financial condition and business prospect may be adversely and materially affected.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the Measures for Cybersecurity Review and the annual data security review under the Administrative Measures for Internet Data Security (Draft for Comments), are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, may subject us to sanctions by the CSRC or other PRC regulatory authorities, which could materially and adversely affect our business, results of operations, financial condition and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions against us or our management, in China, based upon United States laws, including the U.S. federal securities laws, or other foreign laws.

We are a company organized under the laws of the Cayman Islands. Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. None of our subsidiaries is organized under the laws of the United States. All of our directors and officers reside in China, and substantially all of the assets of those persons are located outside of the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce judgments against us which are obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. Furthermore, the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States providing for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors or officers if they decide that the judgment violates the basic principles of PRC laws, national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States. Lastly, in the event shareholders originate an action against a company without domicile in China for disputes related to contracts or other property interests, the PRC courts may accept a cause of action if (a) the disputed contract is concluded or performed in the PRC or the disputed subject matter is located in the PRC, (b) the company (as defendant) has properties that can be seized within the PRC, (c) the company has a representative organization within the PRC, or (d) the parties chose to submit to the jurisdiction of the PRC courts in the contract on the condition that such submission does not violate the requirements of jurisdiction under the PRC Civil Procedures Law. The action may be initiated by the shareholder by filing a complaint with the PRC courts. The PRC courts would determine whether to accept the complaint in accordance with the PRC Civil Procedures Law. The shareholder may participate in the action by itself or entrust any other person or PRC legal counsel to participate on behalf of such shareholder. Foreign citizens and companies will have the same rights as PRC citizens and companies in such an action unless such foreign country restricts the rights of PRC citizens and companies.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Administration of Taxation issued an Announcement on Several Issues Concerning Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-PRC Resident Enterprises, or Announcement 7, with the same effective date. Under Announcement 7, an "indirect transfer" refers to a transaction where a non-resident enterprise transfers its equity interest and other similar interest in an offshore holding company, which directly or indirectly holds Chinese taxable assets (the assets of an "establishment or place" situated in China; real property situated in China and equity interest in Chinese resident enterprises) and any indirect transfer without reasonable commercial purposes are subject to the PRC taxation. In addition, Announcement 7 specifies the conditions under which an indirect transfer is deemed to lack a reasonable commercial purpose which include: (1) 75% or more of the value of the offshore holding company's equity is derived from Chinese taxable assets, (2) anytime in the year prior to the occurrence of the indirect transfer of Chinese taxable assets, 90% or more of the total assets (excluding cash) of the offshore holding company are direct or indirect investment in China, or 90% or more of the revenue of the offshore holding company was sourced from China; (3) the functions performed and risks assumed by the offshore holding company(ies), although incorporated in an offshore jurisdiction to conform to the corporate law requirements there, are insufficient to substantiate their corporate existence and (4) the foreign income tax payable in respect of the indirect transfer is lower than the Chinese tax which would otherwise be payable in respect of the direct transfer if such transfer were treated as a direct transfer. As a result, gains derived from such indirect transfer will be subject to PRC enterprise income tax, currently at a rate of 10%.

Announcement 7 grants a safe harbor under certain qualifying circumstances, including transfers in the public securities market and certain intragroup restricting transactions, however, there is uncertainty as to the implementation of Announcement 7. For example, Announcement 7 requires the buyer to withhold the applicable taxes without specifying how to obtain the information necessary to calculate taxes and when the applicable tax shall be submitted. Announcement 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved. Though Announcement 7 does not impose a mandatory obligation of filing the report of taxable events, the transferring party shall be subject to PRC withholding tax if the certain tax filing conditions are met. Non-filing may result in an administrative penalty varying from 50% to 300% of unpaid taxes. As a result, we and our non-resident enterprises in such transactions may become at risk of being subject to taxation under Announcement 7, and may be required to expend valuable resources to comply with Announcement 7 or to establish that we and our non-resident enterprises should not be taxed under Announcement 7, for any restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

PRC laws and regulations have established more complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for the Company to pursue growth through acquisitions in China.

Further to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the New M&A Rules, the Anti-monopoly Law of the PRC, the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM or the MOFCOM Security Review Rules, was issued in August 2011, which established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC enterprise, or that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review and or security review.

The MOFCOM Security Review Rules, effective from September 1, 2011, which implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated on February 3, 2011, further provide that, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review by MOFCOM, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through agreements control or offshore transactions.

Further, if the business of any target company that the Company seeks to acquire falls into the scope of security review, the Company may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or through any VIE Agreement. The Company may grow its business in part by acquiring other companies operating in its industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit its ability to complete such transactions, which could affect its ability to maintain or expand its market share.

In addition, SAFE promulgated the Circular on the Settlement of Foreign Currency Capital of Foreign-invested Enterprises, or Circular 19, on June 1, 2015. Under Circular 19 (partly modified by Huifa No.39 [2019]), registered capital of a foreign-invested company settled in RMB converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and the equity investments in the PRC made by the foreign-invested company shall be subject to the relevant laws and regulations about the foreign-invested company's reinvestment in the PRC. In addition, foreign-invested companies cannot use such capital to make the investments on securities, and cannot use such capital to issue the entrusted RMB loans (except approved in its business scope), repay the RMB loans between the enterprises and the ones which have been transferred to the third party. Circular 19 may significantly limit our ability to effectively use the proceeds from future financing activities as the Chinese subsidiaries may not convert the funds received from us in foreign currencies into RMB, which may adversely affect their liquidity and our ability to fund and expand our business in the PRC.

Governmental control of currency conversion may affect the value of your investment.

Currently, the RMB cannot be freely converted into any foreign currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiary to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, for most capital account items, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ordinary shares.

The U.S. law and regulations, including the Holding Foreign Companies Accountable Act, call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our capital raising activities and compliance costs.

On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies based in or have substantial operations in emerging markets including China. The joint statement emphasized the risks associated with lack of access for the PCAOB to inspect auditors and audit work papers in China and higher risks of fraud in emerging markets.

On May 18, 2020, NYSE American filed three proposals with the SEC to (i) apply minimum offering size requirement for companies primarily operating in "Restrictive Market", (ii) adopt a new requirement relating to the qualification of management or board of director for Restrictive Market companies, and (iii) apply additional and more stringent criteria to an applicant or listed company based on the qualifications of the company's auditors.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the Company's auditors for three consecutive years, the issuer's securities are prohibited to trade on a U.S. stock exchange. On December 2, 2020, the U.S. House of Representatives approved the Holding Foreign Companies Accountable Act. On December 18, 2020, the Holding Foreign Companies Accountable Act was signed into law.

On March 24, 2021, the SEC announced that it had adopted interim final amendments to implement congressionally mandated submission and disclosure requirements of the Act. The interim final amendments will apply to registrants that the SEC identifies as having filed an annual report on Forms 10-K, 20-F, 40-F or N-CSR with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB has determined it is unable to inspect or investigate completely because of a position taken by an authority in that jurisdiction. The SEC will implement a process for identifying such a registrant and any such identified registrant will be required to submit documentation to the SEC establishing that it is not owned or controlled by a governmental entity in that foreign jurisdiction and will also require disclosure in the registrant's annual report regarding the audit arrangements of, and governmental influence on, such a registrant.

On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, or the AHFCAA, which was enacted on December 29, 2022 under the Consolidated Appropriations Act, 2023, and amended the HFCAA to decrease the number of non-inspection years under the HFCAA from three years to two, thus reducing the time period before an issuer's securities may be prohibited from trading on any U.S. securities exchange or any U.S. over-the-counter market or delisted.

On December 2, 2021, the SEC adopted amendments to finalize the rules implementing the submission and disclosure requirements of the HFCAA. The rules will apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigation such registered public accounting firm, such SEC identified registrants are referred to as Commission-Identified Issuers. The final amendments require that Commission-Identified Issuers submit documentation to the SEC establishing, among other things, that, if true, it is not owned or controlled by a governmental entity in the public accounting firm's foreign jurisdiction and if the Commission-Identified Issuer is a "foreign issuer," as defined in Exchange Act Rule 3b-4, to provide certain additional disclosures in its annual report.

On December 16, 2021, the PCAOB issued a HFCAA Determination Report, pursuant to 15 U.S.C. Section 7214(i)(2)(A) and PCAOB Rule 6100 (the "Report"). Pursuant to the Report, the PCAOB notified the U.S. Securities and Exchange Commission that it issued two determinations that (1) the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China of the PRC because of a position taken by one or more authorities in mainland China (the "Mainland China Determination") and (2) the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in Hong Kong, a Special Administrative Region of the PRC, because of a position taken by one or more authorities in Hong Kong (the "Hong Kong Determination"). In its two appendixes the Report identifies the auditors that are subject to the Mainland China Determination and the Hong Kong Determination.

The lack of access to the PCAOB inspection in China prevents the PCAOB from fully evaluating audits and quality control procedures of the auditors based in China. As a result, the investors may be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of these accounting firms' audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause existing and potential investors in our share to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

On August 26, 2022, the PCAOB announced that it had signed a Statement of Protocol (the "SOP") with the China Securities Regulatory Commission and the Ministry of Finance of China. The SOP, together with two protocol agreements governing inspections and investigations (together, the "SOP Agreement"), establishes a specific, accountable framework to make possible complete inspections and investigations by the PCAOB of audit firms based in mainland China and Hong Kong, as required under U.S. law. The SOP Agreement remains unpublished and is subject to further explanation and implementation. Pursuant to the fact sheet with respect to the SOP Agreement disclosed by the SEC, the PCAOB shall have sole discretion to select any audit firms for inspection or investigation and the PCAOB inspectors and investigators shall have a right to see all audit documentation without redaction. On December 15, 2022, the PCAOB announced that PCAOB has secured complete access to inspect and investigate public accounting firms headquartered in mainland China and Hong Kong, and vacated previous determinations to the contrary.

Our auditor, the independent registered public accounting firms that issue the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, are subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess our auditors' compliance with the applicable professional standards.

Various proceedings and legislative and regulatory developments due to political tensions between the U.S. and China may have an adverse impact on our listing and trading in the U.S., including adverse impact on the market prices of the ordinary shares.

Political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the central government of the PRC and the executive orders issued by the former U.S. President Donald J. Trump in August 2020 that prohibit certain transactions with certain Chinese companies and their applications. Rising political tensions could reduce levels of trade, investment, technological exchange and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Cyber-attacks, computer viruses, physical or electronic break-ins or other unauthorized access to our or our business partners' computer systems could result in misuse of confidential information and misappropriation of funds of our borrowers and investors, subject us to liabilities, cause reputational harm and adversely impact our results of operations and financial condition.

In our business, we collect, store and process certain sensitive data from customers and other business partners. The data that we have processed and stored may make us the target of, and potentially vulnerable to, cyber-attacks, computer viruses, physical or electronic break-ins or other unauthorized access. While we have not experienced any material business or reputational harm as a result of such breach in the past, there can be no assurance that our security measures to protect such confidential information will not be breached in the future. Because techniques used to sabotage or obtain unauthorized access into systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our or our server hosting service providers' systems could cause confidential borrower and investor information to be stolen and used for criminal purposes. As personally identifiable and other confidential information is subject to legislation and regulations in numerous domestic and international jurisdictions, inability to protect confidential information of our borrowers and investors could result in additional cost and liability for us, damage our reputation, inhibit the use of our platform and harm our business.

The Administrative Measures for the Security of the International Network of Computer Information Network, issued in December 1997 and amended in January 2011, requires us to report any data or security breaches to the local offices of the PRC Ministry of Public Security within 24 hours of any such breach. The Cyber Security Law of the PRC, issued in June 2017, requires us to take immediate remedial measures when we discover that our products or services are subject to risks, such as security defects or bugs. Such remedial measures include, informing our customers of the specific risks and reporting such risks to the relevant competent departments. Cybersecurity and data privacy and security issues are subject to increasing legislative and regulatory focus in China. The Data Security Law of the People's Republic of China, which took effect on September 1, 2021, requires that data collection must be conducted in a legitimate and proper manner, and in order to safeguard data, data processing activities must be conducted to comply with respective graded protection systems for cybersecurity. On August 20, 2021, the NPC promulgated the Personal Information Protection Law (the "PIPL"), which has come into effect on November 1, 2021. The PIPL further emphasizes processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border transfer of personal information. On January 4, 2022, the Cyber Administration of China, together with 12 other departments, promulgated the Cybersecurity Review Measures, or the New CAC Measures, which came into effect on February 15, 2022. According to the New CAC Measures, critical information infrastructure operators purchasing network products and services and online platform operators carrying out data processing activities that affect or may affect national security shall conduct a cybersecurity review. Network platform operators holding personal information of more than 1 million users seeking to be listed abroad must apply for a cybersecurity review as well. On July 30, 2021, the State Council of the PRC promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure, which took effect on September 1, 2021. The regulations require, among others, that certain competent authorities shall identify critical information infrastructures. If any critical information infrastructure is identified, they shall promptly notify the relevant operators and the Ministry of Public Security.

The New CAC Measures do not apply to the Company or any of its subsidiaries or VIEs as of the date of this annual report. The Company and any of its subsidiaries or VIEs are not critical information infrastructure operators purchasing network products and services or online platform operators carrying out data processing activities that affect or may affect national security. We hold less than 1 million users' personal information. We believe we are not subject to the cybersecurity review under the New CAC Measures. As of the date of this report, we have not been involved in any investigations on cybersecurity review initiated by the CAC, and we have not received any warning, sanction or penalty in such respect. We believe that we are compliant with the regulations or policies that have been issued by the CAC as of the date of this annual report.

Continued expansion of business operations by the Company, however, could bring the Company within the scope of authority of the CAC rules, and future enacted or amended CAC rules may increase compliance standards on our business operation, and thus have a substantial impact on our business. There are substantial uncertainties as to whether and how the CAC's further actions and any amended version of the Cybersecurity Review Measures would impact U.S. listed companies like us. It is likely that our data processing activities within China are regulated under any future enacted or amended CAC rules, which may subject us to cybersecurity review if the PRC governmental authorities deem such activities have affected or may affect national security. If we will be subject to increased scrutiny regarding data security and data protection, our business, operation, reputation and the price of our securities may be adversely affected. Any unauthorized access, disclosure, misuse or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position. As there remains significant uncertainty in the

interpretation and enforcement of relevant PRC cybersecurity laws and regulations, we could be subject to cybersecurity review, and if so, there is no assurance that we would be able to pass such review in a timely manner or at all. In addition, we could become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, including suspension of business, website closure, and revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions against us, which may result in a material change in our operations, the value of the securities registered or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

Any failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalty and materially and adversely affect our business, financial condition and results of operations.

In accordance with the PRC Social Insurance Law and the Regulations on the Administration of Housing Fund and other relevant laws and regulations, China has established a social insurance system and other employee benefits including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing fund, and a handicapped employment security fund, or collectively the Employee Benefits. An employer shall pay the Employee Benefits for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance and other Employee Benefits that should be assumed by the employees. For example, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% or 0.2% per day, as the case may be. If the employer still fails to ratify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue.

Under the Social Insurance Law and the Regulations on the Administration of Housing Fund, our PRC subsidiaries or VIEs shall register with local social insurance agencies and register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Our PRC subsidiaries and VIEs and their employees are required to pay the Employee Benefits.

Some of our PRC subsidiaries are in the process of completing the social insurance registration and the housing fund registration, and we have only made social insurance payments and housing provident fund contributions for some of our PRC employees, and did not make contributions in full for the social insurance fund and housing provident fund for our employees as required under the relevant PRC laws and regulations. Although we have not received any order or notice from the local authorities nor any claims or complaints from our current and former employees regarding our non-compliance in this regard, we cannot assure you that we will not be subject to any order to rectify non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding social insurance payment or housing provident fund contributions against us, or that we will not receive any claims in respect of social insurance payment or housing provident fund contributions under the PRC laws and regulation. In addition, we may incur additional costs to comply with such laws and regulations by the PRC Government or relevant local authorities. Any such development could materially and adversely affect our business, financial condition and results of operations.

Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and amended in December 2012 and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to affect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. We believe our current practice complies with the Labor Contract Law and its amendments. However, the relevant governmental authorities may take a different view and impose fines on us in such circumstance.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Some of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Under PRC law, all lease agreements are required to be registered with the local land and real estate administration bureau. Although failure to do so does not in itself invalidate the leases, the lessees may not be able to defend these leases against bona fide third parties and may also be exposed to potential fines if they fail to ratify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 (approximately \$141.50) to RMB10,000 (approximately \$1,415.00) for each unregistered lease, at the discretion of the relevant authority. As of the date of this annual report, the lease agreement for our leased building in China has not been registered with the relevant PRC government authorities. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

Our rights to use our leased properties could be challenged by property owners or other third parties, which may disrupt our operations and incur relocation costs.

As of the date of this annual report, the lessors of our leased properties in China have not been able to provide us with valid property ownership certificates or authorizations from the property owners for the lessors to sublease the properties, and we have subleased certain of our leased properties to third parties. There is a risk that such lessors may not have the relevant property ownership certificates or the right to lease or sublease such properties to us, in which case the relevant lease agreements and the sublease agreements may be deemed invalid and we may be forced to vacate these properties. In addition, our usage of the leased properties may be inconsistent with the designated usage, in which case we may not be able to continue to use the leased properties. The above risks could interrupt our business operations and result in relocation costs. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor.

Fluctuation in the currency exchange rate of RMB may have a material adverse effect on our business, operations and financial position.

Our revenue and expenses have been and are expected to continue to be primarily denominated in RMB and we are exposed to the risks associated with the fluctuation in the currency exchange rate of RMB. Should RMB appreciate against other currencies, any future financings, which are to be converted from US dollar or other currencies into

RMB, would be reduced and might accordingly hinder our business development due to the lessened amount of funds raised. On the other hand, in the event of the devaluation of RMB, the dividend payments of our Company, which are to be paid in US dollars after the conversion of the distributable profit denominated in RMB, would be reduced. Hence, substantial fluctuation in the currency exchange rate of RMB may have a material adverse effect on our business, operations and financial position and the value of your investment in the Shares.

We are a holding company and our ability to pay dividends is primarily dependent upon the earnings of, and distributions by, our subsidiaries and VIEs in the PRC.

We are a holding company incorporated under the laws of the Cayman Islands with limited liability. No dividends have been paid or declared by our Company. The majority of our business operations are conducted through our subsidiaries and VIEs in the PRC and hence, our revenue and profit are substantially contributed by our subsidiaries and VIEs in the PRC.

Our ability to pay dividends to our shareholders is primarily dependent upon the earnings of our subsidiaries and VIEs in the PRC and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries in the PRC to make distributions to us depends upon, among others, their distributable earnings. Under the PRC laws, payment of dividends is only permitted out of accumulated profits according to PRC accounting standards and regulations, and our subsidiaries and VIEs in the PRC are also required to set aside part of its after-tax profits to fund certain reserve funds that are not distributable as cash dividends. Other factors such as cash flow conditions, restrictions on distributions contained in our PRC subsidiaries' and VIEs' articles of associations, restrictions contained in any debt instruments, withholding tax and other arrangements will also affect the ability of our subsidiaries and VIEs in the PRC to make distributions to us. These restrictions could reduce the amount of distributions that we receive from our subsidiaries and VIEs in the PRC, which in turn would restrict our ability to pay dividends on the Shares. The amounts of distributions that any of our subsidiaries or VIEs declared and made in the past are not indicative of the dividends that we may pay in the future. There is no assurance that we will be able to declare or distribute any dividend in the future.

There are significant uncertainties under the PRC Enterprise Income Tax Law relating to the withholding tax liabilities of our PRC subsidiaries and VIEs, and dividends payable by our PRC subsidiaries to our offshore subsidiaries and may not qualified to enjoy certain treaty benefits.

Under the PRC Enterprise Income Tax Law and its implementation rules, the profits of a foreign-invested enterprise ("FIE") generated through operations, which are distributed to its immediate holding company outside China, will be subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and China, such rate may be reduced to 5% if a Hong Kong resident enterprise owns more than 25% of the equity interest in the PRC company. Our current PRC subsidiaries are wholly-owned by our Hong Kong subsidiaries, YGMZ (Hong Kong) Limited ("MingZhu HK"), Alliance Liquor Investment (HK) Limited, Cheyi (Hong Kong) Limited, Yinhua (HK) Limited and Feipeng Enterprises (HK) Limited. Accordingly, they may qualify for a 5% tax rate in respect of distributions from its PRC subsidiaries. Under the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties promulgated in 2009, the taxpayer needs to satisfy certain conditions to enjoy the benefits under a tax treaty. These conditions include: (i) the taxpayer must be the beneficial owner of the relevant dividends, and (ii) the corporate shareholder to receive dividends from the PRC subsidiaries must have met the direct ownership thresholds during the 12 consecutive months preceding the receipt of the dividends. Further, in February 2018, the SAT issued the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties, which sets forth certain detailed factors in determining "beneficial owner" status.

Entitlement to a lower tax rate on dividends according to tax treaties or arrangements between the PRC central government and governments of other countries or regions is subject to the Administrative Measures on Entitlement of Non-resident Taxpayers to Tax Treaty Benefits, which provides that entitlement to treaty benefits for non-resident taxpayers shall be handled by means of "self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference." Where non-resident taxpayers judge by themselves that they meet the conditions for entitlement to treaty benefits, they may obtain such entitlement themselves at the time of making tax declarations, or at the time of making withholding declarations via withholding agents. At the same time, they shall collect, gather and retain relevant materials for future reference in accordance with the provisions of these Measures, and shall accept the follow-up administration of tax authorities. As a result, we cannot assure you that we will be entitled to any preferential withholding tax rate under treaties for dividends received from our PRC subsidiaries.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' and VIEs' ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect investment activities. SAFE Circular 37 further requires an amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries and VIEs may be prohibited from distributing or transferring their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contribution into our PRC subsidiaries or transfer funds to VIEs. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, effective from June 2015 and partially repealed on December 30, 2019. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

Mr. Jinlong Yang, our controlling shareholder, has completed the initial registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under SAFE Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, any failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using funds out of PRC, to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund

and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China regardless of the amount of the transfer. According to the relevant PRC regulations on FIEs in China, capital contributions to our PRC subsidiaries are subject to submit the report of changes through the enterprise registration system and registration with a local bank authorized by SAFE. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or their respective local branches and (ii) our PRC subsidiaries may not procure loans which exceed the difference between their respective total project investment amount and registered capital or 2.5 times of their net worth. Furthermore, the foreign loan is required to be registered with the NPRC. See "4.B. Business Overview – Regulations Relating to Funds Transfer to PRC Subsidiaries." We may not be able to complete such registrations or obtain necessary approvals on a timely basis with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such registrations or other procedures, our ability to use funds out of PRC, and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular 19, which took effect as of June 1, 2015 and partially repealed on December 30, 2019. Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capital for expenditure beyond their business scopes, providing entrusted loans or repaying loans between nonfinancial enterprises. The SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective in June 2016. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange related rules. Violations of these Circulars could result in severe monetary or other penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to use Renminbi converted from the funds out of PRC, to invest in or acquire any other PRC companies through our PRC subsidiaries, which may adversely affect our business, financial condition and results of operations.

If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT, issued a circular, known as SAT Circular 82, partially abolished on December 29, 2017, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular applies only to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that, as a Cayman Islands exempted company, our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that our company is a PRC resident enterprise for enterprise income tax purposes, we would be subject to PRC enterprise income on our worldwide income at the rate of 25%. Furthermore, we would be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ordinary shares. In addition, non-resident enterprise shareholders may be subject to PRC tax on gains realized on the sale or other disposition of the ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders and any gain realized on the transfer of the ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our securities.

Epidemics, acts of war and other disasters may adversely affect our operations.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond human control may adversely affect the economy, infrastructure and livelihood of the people of the PRC. Many major cities in the PRC are under threat of flood, earthquake, typhoon, sandstorm or drought. Our business, results of operations and financial condition may be adversely affected if such natural disasters occur. We may be required to disinfect our affected operational premises, which could adversely affect our operations. Even if we are not directly affected by the epidemic, it could slow down or disrupt the level of economic activity generally, which could in turn adversely affect our operating results.

In addition, acts of war and terrorist attacks may cause damage or disruption to our operations, employees, markets or clients, any of which could adversely impact our turnover, cost of sales, overall results and financial condition or the market price of the Shares. Potential war or terrorist attacks may also cause uncertainty and cause the business to suffer in ways that we cannot currently predict.

Risks Related to Our Business and Our Industry

Our reliance on major customers and any loss of our major customers or changes in their demands for our services would likely have a material adverse effect on our business, results of operations, financial conditions and prospect.

We have historically relied on a limited number of major customers for a significant portion of our revenues, and we anticipate that such reliance will remain unchanged in the near future. During the years ended December 31, 2023, 2022 and 2021, sales to our top five customers accounted for approximately 55.8%, 31.4% and 49.4%, respectively.

Our service agreements with our customers are generally for an average term of one year. While certain service agreements contain options of renewal, there is no

assurance that our major customers will continue their business relationship with us, or the revenue generated from dealings with them will be maintained or increased in the future. In particular, if there is any claim against us related to the quality of our services from our major customers, such claim would affect the relationship with our major customers or substantially reduce their demand of our trucking services.

If we are unable to renew service agreements with our customers, or there is a reduction or cessation of demands from these customers for whatever reasons and we are unable to enter into new service agreements of comparable size and on similar terms in substitution, our business, financial conditions and results of operation may be materially and adversely affected. In addition, any deterioration on our customers' ability to use our services and/or pay for our services in a timely manner will also have a material adverse effect on our business, results of operations, financial conditions and prospect.

Although a number of our business strategies will help mitigate risks resulting from our reliance on major customers, see "4.B. Business Overview – Our Strategies", "4.B. Business Overview – Customers – Our Relationship with Major Customers" there is no assurance that these strategies will be implemented successfully or, if implemented, fully mitigate the risks in connection with the loss of one or more major customers.

None of our service agreements with our customers are on an exclusive basis.

None of our service agreements with our customers are on an exclusive basis and our customers can engage other transportation services provider(s) for the provision of transportation and delivery services in addition to or in lieu of us.

Though we have had stable business relationships with our major customers, there is no assurance that our major customers will not engage one or more service providers for the provision of transportation services during the term of our service agreements with them. We cannot assure you that we can generate the same level of or increased revenue from our major customers as compared to the existing scenario. Any appointment of any additional transportation services providers by our major customers could therefore have a material adverse impact on our business, financial condition and operating results.

If we are unable to collect our receivables from our existing customers, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payment from our customers of the amounts they owe us for our services. As of December 31, 2023 we had accounts receivable recorded at \$31,931,892, of which \$365,047 was allowanced and \$nil was past due but not impaired.

We establish an allowance for doubtful accounts based upon estimates, historical experience and other factors surrounding the credit risk of specific customers prior to January 1, 2023. However, actual losses on customer receivables balance could differ from those that we anticipate and as a result we might need to adjust our allowance. There is no guarantee that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions, including related turmoil in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy, and as a result could cause customers to delay payments to us, requesting modifications to their payment arrangements that could increase our receivables balance or default on the payment obligations to us. As a result, an extended delay or default in payment relating to a significant account will have a material and adverse effect on the aging schedule and turnover days of our accounts receivable. If we are unable to collect our receivables from our customers in accordance with the contracts with our customers, our results of operations and cash flows could be adversely affected.

On January 1, 2023, we adopted ASC 326 Financial Instruments – Credit Losses ("ASC 326") using the modified retrospective approach through a cumulative-effect adjustment to retained earnings. Upon adoption, we changed its impairment model to utilize a current expected credit losses model in place of the incurred loss methodology for financial instruments measured at amortized cost, including accounts receivable. We recorded an increase to opening retained earnings of \$nil as of January 1, 2023 due to the cumulative impact of adopting ASC Topic 326.

The agreements governing the loan facilities MingZhu currently has contain restrictions and limitations that could significantly affect our ability to operate our business, raise capital, as well as significantly affect our liquidity, and therefore could adversely affect our results of operations.

Under its loan agreements with existing lenders, Shenzhen Yangang Mingzhu Freight Industry Co., Ltd. (or "MingZhu"), one of our operating subsidiaries in the PRC, Mingzhu has the obligation to notify its lenders prior to certain corporate actions. Such corporation actions include, among other events, mergers, equity offerings, transfers of material assets, involvement in a material lawsuit and certain material related party transactions. In addition, pursuant to its loan agreements, MingZhu cannot provide guarantees to any third party, prioritize repayment of other loans, pay dividends to its shareholders or consummate a reorganization or share ownership restructuring without prior written consent of certain lenders.

The foregoing provisions restrict, among other aspects, MingZhu's ability to:

- incur or permit to exist any additional indebtedness or liens;
- guarantee or otherwise become liable with respect to the obligations of another party or entity;
- acquire any assets or enter into merger or joint venture transactions; and
- consummate certain related party transactions.

Our ability to comply with these provisions may be affected by events beyond our control. A failure to comply with any of such provisions will constitute an event of default under existing loan agreements of MingZhu, upon which the lenders will have the right to take a number of remedial actions that could adversely affect our liquidity and results of operations. See "– Defaults under our loan agreements could result in a substantial loss of our assets."

Defaults under our loan agreements could result in a substantial loss of our assets and adversely affect our financial condition and operating results.

A failure to repay any of the indebtedness under our loan agreements as they become due or to otherwise comply with the covenants contained therein could result in an event of default thereunder. In addition, the loan agreements between MingZhu and certain lenders contain a cross-default provision, pursuant to which a default under any other loan agreement will be deemed an event of default under such agreements. If not cured or waived, an event of default under our existing loan agreements could enable the lenders to declare all borrowings outstanding on such debt, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit. The lenders could also elect to foreclose on our assets securing such debt. In such an event, we may not be able to refinance or repay our indebtedness, pay dividends or have sufficient liquidity to meet operating and capital expenditure requirements. Any such acceleration could cause us to lose a substantial portion of our assets and will substantially adversely affect our financial condition and operating results.

Our cash flow position may deteriorate owing to the difference in timing between receipt of payments from our customers and payments to our suppliers and subcontractors if we are unable to such timing difference and its impact on our cash flow properly.

For our daily operations, we outsourced a portion of our transportation services to external transportation companies, and sourced tires and fuel oils from the third-party suppliers. Our cash flows depend on timely receipt of payments from our customers to meet our payment obligations to our suppliers and subcontractors. As of December 31, 2023, 2022 and 2021, our trade payables amounted to approximately \$18,431,506, \$10,134,535 and \$1,344,532, respectively, whereas the respective trade payables accounted for approximately 27.7%, 16.4% and 3.9% of our total current liabilities, respectively.

Our accounts receivable turnover days were approximately 90.6, 145.8 and 94.6 days, respectively, during 2023, 2022 and 2021. As a result of the above, our daily operation has to rely on our internal resources, bank borrowings and loans from shareholders to maintain our cash flow and satisfy the needs of our daily operations.

If we fail to manage the timing difference between receipt of customer payments and supplier payments, or if the timing difference is further aggravated, we may have to resort to reserve further funds from our internal resources and/or obtain banking facilities and/or shareholder loans to meet our payment obligations, which may not be readily available, or if available on reasonable economic terms and our financial condition may be materially and adversely affected as a result.

Difficulty in obtaining material, equipment, goods and services from our vendors and suppliers could adversely affect our business.

We are dependent upon our suppliers for certain products and materials, including our tractors and trailers. We manage our over-the-road fleet to a five-year trade cycle with the current average age-of-fleet of our vehicles at approximately three years. Accordingly, we rely on suppliers of our trucks and truck components to maintain the age of our fleet. We believe that we have positive relationships with our suppliers and are generally able to obtain favorable pricing and other terms from such parties. If we fail to maintain these relationships with our suppliers, or if our suppliers are unable to provide the products and materials we need or undergo financial hardship, we could experience difficulty in obtaining needed goods and services because of production interruptions, limited material availability or other reasons. Subsequently, our business and operations could be adversely affected.

The trucking service market in the PRC is highly competitive and fragmented, which subjects us to competitive pressures pertaining to pricing, capacity and service.

Our operating segments compete with many trucking service carriers, certain railroads, logistics, brokerage, freight forwarding and other transportation companies. The trucking service market in the PRC is highly competitive and fragmented. Some of our competitors may have greater access to equipment, a larger fleet, a wider range of services, preferential dedicated customer contracts, greater capital resources or other competitive advantages. Numerous competitive factors could impair our ability to maintain or improve our profitability. These factors include the following:

- Many of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth in the economy. This may make it difficult for us to maintain or increase freight rates, or may require us to reduce our freight rates. Additionally, it may limit our ability to maintain or expand our business.
- Since some of our customers also operate their own private trucking fleets, they may decide to transport more of their own freight.
- Many customers periodically solicit bids from multiple carriers for their shipping needs, despite the existence of dedicated contracts, which may depress freight rates or result in a loss of business to our competitors.
- The continuing trend toward consolidation in the transportation industry may result in more large carriers with greater financial resources and other competitive advantages, with which we may have difficulty competing.
- Higher fuel prices and higher fuel surcharges to our customers may cause some of our customers to consider freight transportation alternatives, including rail transportation.
- Advancements in technology may necessitate that we increase investments in order to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments.
- Competition from freight logistics and brokerage companies may negatively impact our customer relationships and freight rates.
- Smaller carriers may build economies of scale with procurement aggregation providers, which may improve such carriers' abilities to compete with us.

The trucking service market is affected by economic and business risks that are largely beyond our control.

The trucking service market is highly cyclical, and our business is dependent on a number of factors that may have a negative impact on our operating results, many of which are beyond our control. We believe that some of the most significant factors beyond our control that may negatively impact our operating results are economic changes that affect supply and demand in transportation industry, such as:

- changes in customers' inventory levels, including shrinking product/package sizes, and in the availability of funding for their working capital;
- commercial driver shortages;
- industry compliance with an ongoing regulatory environment;
- excess truck capacity in comparison with shipping demand; and
- downturns in customers' business cycles, which may be caused by declines in consumer spending.

The risks associated with these factors are heightened when the Chinese economy is weakened. Some of the principal risks during such times are as follows:

- low overall freight levels, which may impair our asset utilization;

- customers with credit issues and cash flow problems;
- changing freight patterns resulting from redesigned supply chains, resulting in an imbalance between our capacity and customer demand; and
- customers bidding out freight or selecting competitors that offer lower rates, in an attempt to lower their costs, forcing us to lower our rates or lose freight.

Economic conditions that decrease shipping demand or increase the supply of capacity in the trucking service market can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. Declining freight levels and rates, a prolonged recession or general economic instability could result in declines in our results of operations, which declines may be material.

We also are subject to cost increases outside our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include, but are not limited to, fuel and energy prices, driver wages, taxes and interest rates, tolls, license and registration fees, insurance premiums, regulations, revenue equipment and related maintenance costs and healthcare and other benefits for our associates. We cannot predict whether, or in what form, any such cost increase or event could occur. Any such cost increase or event could adversely affect our profitability.

In addition, events outside our control, such as strikes or other work stoppages at our facilities or at customer, port, border or other shipping locations, weather, actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against a foreign country or group located in a foreign country or heightened security requirements could lead to reduced economic demand, reduced availability of credit or temporary closing of shipping locations. Such events or enhanced security measures in connection with such events could impair our operations and result in higher operating costs.

We are, to a certain extent, dependent on the consumer and retail market in the PRC.

We mainly provide trucking services to our customers in the transportation industry, some of whom ultimately provide transportation services to end customers in the consumer and retail market in the PRC. As such, our business performance will, to a certain extent, be affected by our customers' business performance and the consumer and retail market in the PRC. Although these customers of ours who are consumer goods delivery services providers may not have contributed substantially to our total revenue in the past two years, if these customers' sales in the PRC decline, such decline may likely lead to a corresponding decrease in demand for our services. Furthermore, as we expand our business, we may solicit new customers who are consumer goods delivery services providers or strengthen our relationships with this type of existing customers, which may lead to stronger reliance on these customers. Any adverse developments in our customers' business performance could therefore materially and adversely affect our business, financial condition and results of operations.

We may not be able to implement all or any of our business plans successfully.

As part of our business strategies, we plan to expand our own fleet of delivery vehicles and labor force, expand our sales and marketing network and establish an information technology system which can facilitate our preparation of delivery routes and schedules and enable tracking and monitoring of the status of delivery by our self-owned trucking vehicles and subcontractors. Such future plan is developed based on a number of assumptions, forecasts and commitment of our management. We may not succeed in executing our business strategies due to a number of reasons, including the following:

- we may fail to acquire delivery vehicles at our expected prices or recruit a sufficient number of skilled drivers and employees to align with our expansion;
- we may not have sufficient financial resources available;
- we may fail to adapt ourselves to the information technology system;
- we may fail to expand our sales and marketing network;
- we may fail to meet our customers' demands for our trucking services; and
- we may fail to reach the targets we expect from our expansion and business strategies.

If we fail to successfully implement our business strategies, we may not be able to maintain our growth rate and our business, financial condition and results of operations may be materially and adversely affected.

Expanding our self-owned vehicle fleet may result in a significant increase in our depreciation expenses.

We intend to expand the scale of our own vehicle fleet in order to accommodate potential new business opportunities. Such expansion of our self-owned vehicle fleet may result in a significant increase in our depreciation expenses, which may in turn materially and adversely affect our business, financial condition and results of operations.

Our operation is exposed to disruptions due to bad weather, possible occurrences of natural disasters, epidemics and other diseases and uncertainties, traffic congestions and public civil movements.

As we provide trucking services, any significant disruption in traffic due to severe traffic congestions, weather conditions or disturbances such as public civil movements, flash floods, or breakdown in major road infrastructure may lead to a reduction in and/or delay of our services. Such service interruptions may adversely affect our service quality in meeting our customers' key performance indicators ("KPIs") requirements and negatively affect our relationship with our customers. Further, we may have to engage additional delivery vehicles from other transportation companies to maintain our service operations. The occurrence of any of the foregoing events may adversely affect our business, financial condition and results of operations.

Our business operations have been and may continue to be materially and adversely affected by the outbreak of the coronavirus disease (COVID-19).

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first emerged in China in late 2019 and continues to expand within the PRC and globally. On January 30, 2020, the WHO declared the outbreak of COVID-19 a public health emergency of international concern. On March 11, 2020, the WHO declared the outbreak of COVID-19 a pandemic, expanding its assessment of the threat beyond the global health emergency it had announced in January. As of the date of this annual report, the virus had spread globally. With an aim to contain the COVID-19 pandemic, the PRC government had imposed extreme measures across the PRC during the first half of 2020 including complete or partial lockdown measures across various cities in the PRC, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

The COVID-19 pandemic, which has resulted in a high number of fatalities worldwide, has an adverse impact on the livelihood of the people in and the economy of the PRC. The trucking services and transportation industry in the PRC have been and may continue to be adversely impacted. The economy slowdown and/or negative business sentiment have a negative impact on the transportation industry and our business operations and financial condition have been and may continue to be adversely affected.

The impacts of COVID-19 on our business, financial condition, and results of operations include, but are not limited to, the following:

- *Extended Collection Time and Increase in Bad Debts.* Our customers may require additional time to pay us or fail to pay us which may require us to record additional allowances. In order to faithfully reflect the performance and condition of the Company, we had temporarily revised our policy of allowance for doubtful accounts with additional allowances recorded. We are currently working with our customers for payments and have not experienced significant collection issues as of the date of this annual report. We will monitor our collection closely through 2024.
- *Shortage of Drivers.* Due to the travel restrictions imposed by the local governments, some of our drivers have not been able to get back on road for work. However, the impact of such shortage of drivers is not significant to the Company because the customer orders have dropped due the COVID-19 pandemic and we pay our drivers on a per-drive basis for fulfilled customer orders only.

With daily life in China gradually returning to normal since April 2022, our business related to logistics industry has gone back to normal as well. However some new cases found in Xinjiang region caused heavy lockdown starting from June 2022. Our revenue generated from Xinjiang was substantially reduced during June. To the date of this filing, our revenue is still negatively affected by temporarily lockdown across the nation. We cannot foresee whether the COVID-19 pandemic will be effectively contained, nor can we predict the severity and duration of its impact. If the COVID-19 pandemic is not effectively and timely controlled, our business operations and financial condition may be adversely affected as a result of the deteriorating market outlook, the slowdown in regional and national economic growth, weakened liquidity and financial condition of our customers or other factors that we cannot foresee.

We may experience labor shortage or unrest.

Our services involve a substantial amount of labor force. While we have not experienced any significant labor shortage, we may face such problem in the future. We may be required to increase the wages for our workers as a result of changes in the labor market conditions or industry practices.

We expect that the wage levels of our employees will continue to be determined in accordance with the prevailing market rates in the relevant regions in the PRC as well as the performance of the relevant employees in the foreseeable future. There is no assurance that we will not face labor unrest or we do not have to adjust the wages upward for our employees demanding higher wages from us. Labor unrest will disrupt our services and the higher wages will result in increased services costs for us. Should we fail to increase our service prices to offset the additional labor costs in a timely manner or fail to manage labor shortage or labor unrest, our business, operation and financial performance could be adversely affected.

Our customers could become our competitors.

Many of our customers are logistic companies which have the capability and financial resources to diversity and own their own vehicle fleet. These customers may also continue to evaluate whether to own their vehicle fleet or engage other transportation companies to provide the logistics services. In the event that our customers own their vehicle fleet, such customers could reduce or eliminate their need of our trucking services, which would subsequently result in a reduction of our revenue and would adversely affect our business and results of operations.

We may not be familiar with new regions or markets we enter and may not be successful in offering new products and services or maintain our current growth.

The growth of our company was based on the services we currently provided to existing markets. We may expand our business and enter other regional markets in the future. However, we may be unable to replicate our initial success in new markets. In expanding our business, we may enter markets in which we have limited, or no, experience. We may not be familiar with the local business and regulatory environment and we may fail to attract a sufficient number of customers due to our limited presence in that region. In addition, competitive conditions in new markets may be different from those in our existing markets and may make it difficult or impossible for us to generate high income in these new markets. If we are unable to manage these and other difficulties in our expansion into other regions in China, our prospects and results of operations may be adversely affected.

Our results of operations may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our results of operations, including our operating revenue, expenses and other key metrics, may vary significantly in the future and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Our financial results may fluctuate due to a variety of factors, some of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. Fluctuation in our operational results may adversely affect the price of our ordinary shares. Factors that may cause fluctuations in our quarterly results include:

- our ability to attract new customers, maintain relationships with existing customers, and expand into new territories in China;
- the amount and timing of operating expenses related to acquiring customers and the maintenance and expansion of our business, operations and infrastructure;
- general economic, industry and market conditions in China;
- our emphasis on customer experience instead of near-term growth; and
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired technologies or businesses.

If we fail to promote and maintain our brand in an effective and cost-efficient way, our business and results of operations may be harmed.

We believe that developing and maintaining awareness of our brand effectively is critical to attracting new and retaining existing customers. Our efforts to build our brand have caused us to incur significant expenses, and it is likely that our future marketing efforts will require us to incur significant additional expenses. These efforts may not result in increased revenues in the immediate future or at all and, even if they do, any increases in revenues may not offset the expenses incurred. If we fail to promote and maintain our brand, while incurring substantial expenses, our results of operations and financial condition would be adversely affected, which may impair our ability to grow our business.

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

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

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

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

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

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

Our business operations depend on the continuing services of our senior management, particularly Mr. Jinlong Yang, our Chairman and Chief Executive Officer, and our other executive officers named in this annual report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into confidentiality and non-competition agreements with our key executives of our subsidiaries and VIEs in China, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between us and our current or former officers, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

Our executive officers have limited prior experience in operating a U.S. public company, and their inability to operate the public company aspects of our business could harm us.

Our executive officers have limited experience in operating a U.S. public company, which makes our ability to comply with applicable laws, rules and regulations uncertain. Our failure to comply with all laws, rules and regulations applicable to U.S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and share price.

From time to time, we may evaluate and potentially consummate acquisitions or alliances, which could require significant management attention, disrupt our business, adversely affect our financial results, be unsuccessful or fail to achieve the desired result.

We plan to evaluate and consider strategic transactions, combinations, acquisitions or alliances to enhance our existing business or develop new products and services. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate the transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such a transaction.

Any acquisition or alliance will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our products;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- regulatory risks; and
- liability for activities of the acquired business before the acquisition, including patent, copyright and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities.

Any future acquisitions or alliances may not be successful. Furthermore, we may not benefit from our business strategy, nor generate sufficient revenue to offset the associated costs or may otherwise not result in the intended benefits. In addition, we cannot assure you that any future acquisition of, or alliance with respect to, new businesses or technology will lead to the successful development of new or enhanced services or that any new or enhanced services, if developed, will achieve market acceptance or prove to be profitable.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

Although our current cash and cash equivalents, anticipated cash flows from operating activities will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business, there is a risk that we may need additional cash resources in the future to fund our growth plans or if we experience adverse changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for new investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. The issuance and sale of additional equity would result in further dilution to our shareholders.

- default and foreclosure on our assets if our operating revenue is insufficient to repay debt obligations;
- acceleration of obligations to repay the indebtedness (or other outstanding indebtedness), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- diverting a substantial portion of cash flow to pay principal and interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions and other general corporate purposes; and
- creating potential limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate.

The occurrence of any of these risks could adversely affect our operations or financial condition.

We will be subject to changing laws, rules and regulations in the U.S. regarding regulatory matters, corporate governance and public disclosure that will increase both our costs and the risks associated with non-compliance.

Following this annual report, we will be subject to rules and regulations by various governing bodies and self-regulatory organizations, including, for example, the SEC and The Nasdaq Stock Market, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

Our business is subject to risks related to lawsuits and other claims brought by our clients or business partners. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We are subject to lawsuits and other claims in the ordinary course of our business. We are currently not involved in any lawsuits with any of our customers. However, claims arising out of actual or alleged violations of law could be asserted against us by individuals, companies, governmental or other entities in civil, administrative or criminal investigations and proceedings. These claims could be asserted under a variety of laws and regulations, including but not limited to contract laws, consumer protection laws or regulations, intellectual property laws, environmental laws, and labor and employment laws. These actions could expose us to adverse publicity and to monetary damages, fines and penalties, as well as suspension or revocation of licenses or permits to conduct business. Even if we eventually prevail in these matters, we could incur significant legal fees or suffer reputational harm, which could have a material adverse effect on our business and results of operations as well as our future growth and prospects.

We are subject to extensive environmental laws and regulations, and the costs related to compliance with, or our failure to comply with, existing or future laws and regulations, could adversely affect the business and results of operations.

Our operations are subject to national and local laws and regulations relating to the protection of the environment. Sanctions for noncompliance may include revocation of permits, corrective action orders, significant administrative or civil penalties and criminal prosecution. In recent years, the PRC government has strengthened the regulations of environmental protection by enacting new laws and modifying existing laws. Our business involves environmental management and issues typically associated with fuel consumption. We have not received any non-compliance notice or warning from the government regarding environmental violations. However, the PRC government may pass new legislation or amend current laws and regulations and set higher requirements and standards for vehicle operations. Our cost of complying with environmental laws and regulations may increase and we may assign more personnel for environmental compliance. As a result, our financial conditions and results of operation may be materially and adversely affected.

Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the relevant laws and regulations in jurisdictions in which we operate, we are required to maintain various approvals, licenses and permits to operate our business, including but not limited to business license, road transport business license. These approvals, licenses and permits are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations.

We were engaged in the business of air freight as an international freight forwarding agency and had entered into master agreements with the subcontractors. Due to the COVID-19 pandemic, this particular business has been suspended and no significant revenue was recorded since the beginning of 2020. We have not obtained the relevant certificate for this type of business, or completed filings with the competent governmental agencies. All of our subcontractors are qualified to conduct relevant business activities. According to the Detailed Rules for Implementing the Regulations of the People's Republic of China on the Administration of the International Freight Forwarding Industry, entities engaging in international freight forwarding operations which are in violation of the provisions of the Regulations of the People's Republic of China on the Administration of the International Freight Forwarding Industry and the present Detailed Rules are subject to bans against any illegal operational activities imposed by governmental agencies that are in charge of the trade sector. The agencies for industry and commerce shall impose penalties on such entities in accordance with the provisions of the relevant laws and administrative regulations, and the agencies in charge of the trade sector shall announce the ban thereof. The relevant local agencies of commerce shall file a record for archival purposes with the MOFCOM after making the announcement. Such entities are prohibited from applying for handling international freight forwarding operations independently or jointly with other applicants for five years. Meanwhile, Implementing Regulations of the Customs of the People's Republic of China on Administrative Penalties, which was promulgated in 2004 by the State Council, further provides that in case anyone undertakes customs declaration business without going through customs registration or fails to obtain the customs declaration practicing qualification, it shall be banned from conducting the business activities, the illegal gains shall be confiscated, and a fine of less than RMB 100,000 (approximately \$14,544) may be imposed. Although we have suspended conducting this type of business for now, we face the risk of violating the foregoing PRC regulations. We may also face the risk of breaching the agreements we have entered into with our customers or subcontractors for air freight services and be banned from conducting this type of business and subject to punishments or confiscation of the gains derived from related business. As of the date of this annual report, we have not received any order or penalty from any governmental authorities but we cannot assure you that we will not be subject to any order or penalties for the lack of relevant qualifications before we complete necessary registration and filing requirements.

As of the date of this annual report, we have obtained the business license and road transport business license, but there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licenses and permits required for our existing business operations upon their expiration in a timely manner or duly complete necessary registration or filings in the relevant governmental authorities for any of our new business, which could adversely affect our business operations.

Our business may be materially and adversely affected if our Chinese subsidiaries or VIEs declare bankruptcy or become subject to a dissolution or liquidation proceedings.

The Enterprise Bankruptcy Law of China provides that an enterprise may be liquidated if the enterprise fails to settle its debts as and when they fall due and if the enterprise's assets are or are demonstrably insufficient to clear such debts. Our PRC subsidiaries and VIEs hold the bulk of the assets that are important to our business operations. If any of our PRC subsidiaries or VIEs gets involved in a voluntary or involuntary liquidation proceeding, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

Any failure to protect our own intellectual property rights could impair our brand, negatively impact our business or both.

We currently own 6 PRC patents related to technologies used in connection with trucking services, including 1 invention patent and 5 utility patents. We also own one PRC trademark and 17 PRC copyright registrations, including 1 art-work copyright and 16 software copyrights. Our intellectual property rights are key to our operations and business prospects.

Our success and ability to compete also depend in part on protecting our own intellectual property. We rely on a combination of patents, copyrights, trade secrets, trademarks and other rights, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, processes and other intellectual property. However, the steps we take to protect our intellectual property rights may be inadequate. We have only filed patent applications in China and we have not acquired any related international patent rights by filing pursuant to the Patent Cooperation Treaty. Our patents are under no protections outside of China.

Third parties may seek to challenge, invalidate or circumvent our patents, copyrights, trade secrets, trademarks and other rights or applications for any of the foregoing. In order to protect our intellectual property rights, we may be required to spend significant resources. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and impact our business.

We may be sued by third parties for alleged infringement of their proprietary rights, which could harm our business.

Our competitors, as well as other entities and individuals, may own or claim to own intellectual property relating to our industry. From time to time, a third-party provider may claim that we are infringing on their intellectual property rights. We may, however, be unaware of the intellectual property rights that others may claim over some or all of our applications, technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, restrict us from conducting our business or require that we comply with other unfavorable terms. We may also be obligated to indemnify parties or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management from our business operations.

We have identified material weaknesses in our internal accounting controls, and if we fail to implement and maintain an effective system of internal controls or fail to remediate the material weaknesses in our internal control over financial reporting that have been identified, we may be unable to accurately report our results of operations or prevent fraud or fail to meet our reporting obligations, and customer confidence and the market price of our ordinary shares may be materially and adversely affected.

We are subject to the reporting requirements of the Exchange Act of 1934, or Exchange Act, the Sarbanes-Oxley Act of and the rules and regulations of the Nasdaq Stock Market. We are not required to provide a report of management's assessment on our internal control over financial reporting in this annual report due to a transition period established by the rules of the SEC for newly public companies. In addition, we are not required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm in this annual report, since we are an emerging growth company as defined under the JOBS Act. However, in the course of auditing our consolidated financial statements included in this annual report, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in standards established by the Public Company Accounting Oversight Board ("PCAOB"), a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified relates to our lack of sufficient skilled staff with U.S. GAAP knowledge and the SEC reporting knowledge for the purpose of financial reporting as well as the lack in formal accounting policies and procedures manual to ensure proper financial reporting in accordance with U.S. GAAP and SEC reporting requirements.

We have already taken some steps and have continued to implement measures to remediate the material weakness identified, including but not limited to (i) streamline our accounting department structure and enhance our staff's U.S. GAAP expertise on a continuous basis; (2) hire a new reporting manager who has sufficient expertise in U.S. GAAP to improve the quality of U.S. GAAP reports; (3) make an overall assessment on the current finance and accounting resources and have plans to hire new finance team members with U.S. GAAP qualification in order to strengthen our U.S. GAAP reporting framework; (4) participate in trainings and seminars provided by professional services firms on a regular basis to gain knowledge on regular accounting/SEC reporting updates; and (5) provide internal training to our current accounting team on US GAAP knowledge. We are also in the process of completing a systematic accounting manual for US GAAP and financial closing process. However, we cannot assure you that we will not identify additional material weaknesses or significant deficiencies in the future. In addition, if we are unable to meet the requirements of Section 404 of the Sarbanes-Oxley Act, our common shares may not be able to remain listed on the NASDAQ Capital Market.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2020. In addition, once we cease to be an "emerging growth company" as such term is defined under the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as we are a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

Insurance and claims expenses could significantly reduce our earnings.

Although we maintain auto insurance for our vehicles, our future insurance and claims expenses might exceed historical levels, which could reduce our earnings. We maintain a high deductible for a portion of our claims exposure resulting from auto liability. Estimating the number and severity of claims, as well as related judgment or settlement amounts is inherently difficult. This, along with legal expenses, incurred but not reported claims and other uncertainties can cause unfavorable differences between actual claim costs and our reserve estimates. We reserve for anticipated losses and expenses and periodically evaluate and adjust our claims reserves to reflect our experience. However, ultimate results may differ from our estimates, which could result in losses over our reserved amounts.

We maintain insurance with licensed insurance carriers above the amounts which we retain. Although we believe our aggregate auto insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed our aggregate coverage limits. If any claim were to exceed our coverage, we would bear the excess, in addition to our other retained amounts. Insurance carriers have raised premiums for many businesses, including transportation companies. As a result, our insurance and claims expense could increase, or we could raise our deductible when our policies are renewed or replaced. Our operating results and financial condition could be materially and adversely affected if (i) cost per claim, premiums, or the number of claims significantly exceeds our estimates, (ii) we experience a claim in excess of our coverage limits, (iii) our insurance carriers fail to pay on our insurance claims or (iv) we experience a claim for which coverage is not provided.

Any failure to pay the full amount of taxes may subject us to penalty and materially and adversely affect our business, financial condition and results of operation.

In accordance with the Law of the PRC on the Administration of Tax Collection and its Implementation Regulations, where a taxpayer or a withholding agent fails to pay or underpays the amount of tax that should be paid or remitted within the specified time, the tax authorities shall order the taxpayer or withholding agent to pay or remit the tax within the specified time limit, and impose a penalty for late payment on a daily basis at the rate of 0.05% of the amount of tax in arrears from the date the tax payment is defaulted. If the taxpayer or withholding agent still fails to do so on the expiration of the time limit, the tax authorities may recover such unpaid taxes by adopting compulsory enforcement measures, and impose a fine of not less than 50 percent but not more than five times the amount of tax the taxpayer or withholding agent fails to pay or underpays or fails to remit. Furthermore, the taxation authorities shall also announce the tax payments defaulted by taxpayers regularly. See "10.E. Taxation" – Tax Collection and Payment."

Affected by polity factors such as credit tightening, some of our accounts receivable that met the collection conditions have not been recovered on time, which has an adverse impact on our liquidity. As of December 31, 2023, the Company and its VIEs and subsidiaries owed taxes in the amount of \$2,199,851.

As of the date of this annual report, we have not received any order or notice from the local tax authorities to set a specific time limit for us to pay the outstanding taxes referenced above, or impose any penalty for the late tax payment, but we cannot assure you that we will not be subject to any order to pay the taxes within a specific time limit. Despite our efforts to minimize the impact of this matter on us, there are uncertainties whether we will have enough funds to make the tax payment within the time limit set by the tax authorities. If we fail to do so, the tax authorities may recover such unpaid taxes and late payment fees by adopting compulsory enforcement measures such as withholding the taxes from our bank account, or sealing up, auctioning or disposing of our properties. In addition, the tax authorities may even impose a fine on us as prescribed by the laws. If any of the above were to occur, our business, operations and financial position would be materially and adversely affected.

We do not have any business insurance coverage.

Insurance companies in China currently do not offer an extensive array of insurance products as insurance companies in more developed economies do. Currently, we do not have any business liability or disruption insurance, except auto insurances, to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

We may have exposure to greater than anticipated tax liabilities.

We are subject to enterprise income tax, value-added tax, and other taxes in each province and city in China where we have operations. Our tax structure is subject to review by various local tax authorities. The determination of our provision for income tax and other tax liabilities requires significant judgment. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Risks Related to Our Securities

We may not maintain our listing on Nasdaq which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our ordinary shares are listed on Nasdaq. We cannot assure you that our ordinary shares will continue to be listed on Nasdaq in the future. In order to continue listing our securities on Nasdaq, we must maintain certain financial, distribution and share price levels. Generally, we must (i) maintain a minimum amount in shareholders' equity (generally above \$2,500,000), maintain a minimum market value of listed securities (generally above \$35,000,000) or have a minimum net income from operations for the prior year of for two of the preceding years (generally above \$500,000); and (ii) a minimum number of publicly held shares (generally greater than 500,000) and a minimum number of public shareholders (generally greater than 300 shareholders). Our ordinary shares also cannot have a bid price of less than \$1.00. Moreover, we must comply with certain listing standards regarding the independence of our board of directors and members of our audit committee. We intend to fully comply with these requirements, but we may not continue to be able to meet these requirements in the future.

If Nasdaq delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our ordinary shares is a "penny stock" which will require brokers trading in our ordinary shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and

- a decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a U.S. federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Because we expect that our ordinary shares will be listed on Nasdaq, such securities will be covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if we were no longer listed on Nasdaq, our securities would not be covered securities and we would be subject to regulations in each state in which we offer our securities.

The trading price of our ordinary shares may be volatile, which could result in substantial losses to investors.

The trading price of our securities may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of the broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our ordinary shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ordinary shares may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new product and service offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ordinary shares will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ordinary shares, the market price for our ordinary shares and trading volume could decline.

The trading market for our ordinary shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ordinary shares, the market price for our ordinary shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our ordinary shares to decline.

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

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions and allegations regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality.

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

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

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if

any, received by us from our subsidiaries and VIEs, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our securities will likely depend entirely upon any future price appreciation of our ordinary shares. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which you purchased our ordinary shares. You may not realize a return on your investment in our ordinary shares and you may even lose your entire investment.

If we are classified as a passive foreign investment company, United States taxpayers who own our securities may have adverse United States federal income tax consequences.

A non-U.S. corporation such as ourselves will be classified as a passive foreign investment company, which is known as a PFIC, for any taxable year if, for such year, either

- At least 75% of our gross income for the year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during the taxable year which produces passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents, royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds our securities, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

With any assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income. We will make this determination following the end of any particular tax year. Although the law in this regard is unclear, we treat our consolidated affiliated entities as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value.

For a more detailed discussion of the application of the PFIC rules to us and the consequences to U.S. taxpayers if we were determined to be a PFIC, see "10.E. Taxation — Passive Foreign Investment Company."

The amended and restated memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our securities.

Our amended and restated memorandum and articles of association contain provisions which may discourage, delay or prevent a change-of-control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and other rights, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares underlying the ordinary shares may be materially and adversely affected.

Our principal shareholders have substantial influence over our company. Their interests may not be aligned with the interests of our other shareholders, and they could prevent or cause a change of control or other transactions.

As of the date of this annual report, Mr. Jinlong Yang, our founder and chairman of our board of directors, beneficially owns an aggregate of 14.55% of our outstanding ordinary shares.

Accordingly, our executive officers and directors, together with our existing shareholders, could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations, the election of directors and other significant corporate actions. In cases where their interests are aligned and they vote together, these shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of these shareholders, we may be prevented from entering into transactions that could be beneficial to us or our minority shareholders. In addition, our directors and officers could violate their fiduciary duties by diverting business opportunities from us to themselves or others. The interests of our largest shareholders may differ from the interests of our other shareholders. The concentration in the ownership of our ordinary shares may cause a material decline in the value of our ordinary shares. For more information regarding our principal shareholders and their affiliated entities, see "7.A. Major Shareholders."

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.

As an exempted company incorporated in the Cayman Islands that is listed on Nasdaq, we are subject to Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from Nasdaq corporate governance listing standards. Currently, we do not plan to rely on the home country practice with respect to our corporate governance. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Act (Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors and us, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the

common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the English common law, which are generally of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws than the United States, and provide significantly less protection to investors. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances, recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our second amended and restated memorandum and articles of association we expect to adopt, to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the U.S. Currently, we do not plan to rely on home country practice with respect to any corporate governance matter. However, if we choose to follow our home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their shareholders, see "10.B. Memorandum and Articles of Association — Material Differences between U.S. Corporate Law and British Virgin Islands Corporate Law."

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations are conducted in China. In addition, all of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons or to enforce against us or them judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China. As a result of all of the above, our shareholders may have more difficulties in protecting their interests through actions against us or our officers, directors, or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period, although we have early adopted certain new and revised accounting standards based on transition guidance permitted under such standards. As a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a U.S. domestic issuer.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2021. In the future, we would lose our foreign private issuer status if (1) more than 50% of our

outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

As a foreign private issuer, we are permitted to, and we have elected to, rely on exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers. This may afford less protection to holders of our ordinary shares.

As a Cayman Islands company listed on the Nasdaq Global Select Market, we are subject to the Nasdaq corporate governance listing standards. For example, Rule 5605 of the Nasdaq Stock Market Rules requires listed companies to have, among other things, a majority of its board members to be independent, and to obtain shareholder approval for certain issuances of securities. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. For example, under Cayman Islands law we are not required to have a majority of our board consist of independent directors or obtain shareholder approval for certain issuances of our securities. With respect to the foregoing corporate governance requirement, we have elected to follow home country practice. See "Item 16G. Corporate Governance." We may also elect to rely on home country practice to be exempted from other corporate governance requirements. As a result, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We will incur significantly increased costs and devote substantial management time as a result of the listing of our ordinary shares.

We will incur additional legal, accounting and other expenses as a public reporting company, particularly after we cease to qualify as an emerging growth company. For example, we will be required to comply with the additional requirements of the rules and regulations of the SEC and the Nasdaq rules, including applicable corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. We cannot predict or estimate the number of additional costs we may incur as a result of becoming a public company or the timing of such costs.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidelines are provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may also initiate legal proceedings against us and our business may be adversely affected.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

We were incorporated under the laws of the Cayman Islands. Our registered office is located at 27F, Yantian Modern Industry Service Center, No. 3018 Shayan Road, Yantian District, Shenzhen, Guangdong, China 518081. The telephone number of the registered office is +86 (755) 2520-9839. Our World Wide Web address is www.szygmz.com. Information contained on our website does not constitute a part of this annual report.

Our agent for service of process in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, DE 1971. The telephone number for our service agent is: (302) 738-6680

The Company was incorporated on January 2, 2018 as an exempted company structured as a holding company incorporated under the laws of Cayman Islands. Immediately prior to our initial public offering, we were owned by three entities and one individual: (i) Alpha Global (BVI) Limited, a company formed under the laws of the British Virgin Islands and wholly-owned by Jinlong Yang, our Chairman and Chief Executive Officer; (ii) Excelsior Investment Limited (Hong Kong), a company formed under the laws of Hong Kong and wholly-owned by Gui Ling Guo, a director and the Vice Chair of the board of directors of MingZhu and (iii) Exquisite Elite Limited (BVI), a company formed under the laws of the British Virgin Islands, with 86% of its equity interest owned by Zhuo Wang, our director. We began our operations in China in 2002 and currently conduct our business through our subsidiaries and VIEs.

Our main subsidiaries as of the date of this annual report are as follows:

Name	Background	Ownership
MingZhu Investment Limited ("MingZhu BVI")	<ul style="list-style-type: none"> A British Virgin Islands company Incorporated on January 15, 2018 A holding company 	100% directly owned by MingZhu Cayman
YGMZ (Hong Kong) Limited ("MingZhu HK")	<ul style="list-style-type: none"> A Hong Kong company Incorporated on February 2, 2018 A holding company 	100% directly owned by MingZhu BVI
Shenzhen Yangang Mingzhu Freight Industry Co., Ltd. ("MingZhu" or "Mingzhu")	<ul style="list-style-type: none"> A PRC limited liability company Incorporated on July 10, 2002 Providing trucking services 	100% directly owned by MingZhu HK
Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd. ("MingZhu Management")	<ul style="list-style-type: none"> A PRC limited liability company Incorporated on September 5, 2018 Transportation and supply chain management services 	100% directly owned by MingZhu HK
Shenzhen Pengcheng Shengshi Logistics Co., Ltd. ("MingZhu Pengcheng")	<ul style="list-style-type: none"> A PRC limited liability company Incorporated on April 7, 2010 Providing trucking services 	100% directly owned by MingZhu

Cheyi (BVI) Limited ("Cheyi BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on September 29, 2021 • A holding company 	100% directly owned by MingZhu Cayman
Cheyi (Hong Kong) Limited ("Cheyi HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on October 22, 2021 • A holding company 	100% directly owned by Cheyi BVI
Ningbo Cheyi Corporate Information Consulting Co., Ltd. ("Ningbo Cheyi" or Cheyi WFOE)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 2, 2021 • A holding company 	100% directly owned by Cheyi HK

Name	Background	Ownership
Yinhua (BVI) Limited ("Yinhua")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on November 12, 2021 • A holding company 	100% directly owned by MingZhu Cayman
Yinhua (HK) Limited ("Yinhua HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on December 1, 2021 • A holding company 	100% directly owned by Yinhua
Zhejiang Caiyunlian Technology Co. Ltd. ("Yinhua WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on January 7, 2021 • A holding company 	100% directly owned by Yinhua HK
Hainan Zhisheng Automobile Services Co., Ltd. ("Zhisheng")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on September 13, 2018 • A comprehensive auto related service platform to serve auto insurance companies 	100% owned by Yinhua WFOE via contractual arrangements
Feipeng Global Limited ("Feipeng BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on March 17, 2022 • A holding company 	100% directly owned by MingZhu Cayman
Feipeng Enterprises (HK) Limited ("Feipeng HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on April 27, 2022 • A holding company 	100% directly owned by Feipeng BVI
Shenzhen Feipeng Zongheng Supply Chain Management Co., Ltd. ("Feipeng WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on September 13, 2022 • A holding company 	100% directly owned by Feipeng HK
Xinjiang Feipeng Logistics Co., Ltd. ("Feipeng")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on July 3, 2014 • A regional trucking services provider 	100% owned by Feipeng WFOE via contractual arrangements
Liquor Alliance Investment (BVI) Limited ("Alliance BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on April 28, 2023 • A holding company 	100% directly owned by MingZhu Cayman
Alliance Liquor Investment (HK) Limited ("Alliance HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on March 17, 2023 • A holding company 	100% directly owned by Alliance BVI
Xiamen Alliance Management Consulting Co., Ltd. ("Alliance WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on May 5, 2023 • A holding company 	100% directly owned by Alliance HK
Xiamen Alliance Liquor Industry Group Co., Ltd. ("Liquor Alliance")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 24, 2021 • A liquor distributor 	100% directly owned by Alliance WFOE

A reorganization of our legal structure was completed in April 2018. On April 13, 2018, the former shareholders transferred their 100% ownership interest in MingZhu to MingZhu HK, which is 100% owned by the Company through MingZhu BVI. In consideration of such transfer, the Company issued 1,000 ordinary shares to the former shareholders of MingZhu. After the reorganization, the Company owns 100% of the equity interests of MingZhu BVI, MingZhu HK and MingZhu. The controlling shareholder of the Company is same as that of MingZhu prior to the reorganization.

On October 21, 2020, we completed our firm commitment initial public offering ("IPO") of 3,000,000 ordinary shares at a public offering price of US\$4.00 per share, for total gross proceeds of US\$12 million, before deducting underwriting discounts, commissions and other related expenses. Our ordinary shares began trading on The Nasdaq Capital Market on October 21, 2020 under the symbol "YGMZ".

On October 30, 2020, the underwriter and sole book-runner of our underwritten IPO, exercised the partial over-allotment option and purchased an additional 350,000

ordinary shares of the Company at the IPO price of US\$4.00 per share.

On December 4, 2020, the underwriter and sole book-runner of our underwritten IPO, further exercised the partial over-allotment option and purchased an additional 4,040 ordinary shares of the Company at the IPO price of US\$4.00 per share.

On March 12, 2021, the Company closed its direct public offering of 3,333,335 Units, with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share. The Company sold the Units at a price of \$6.00 per Unit. The Company received gross proceeds from the Offering, before deducting estimated offering expenses payable by the Company, of approximately \$18,000,000.

On April 21, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 214,286 ordinary shares of the Company with no cash in consideration.

On June 14, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 43,616 ordinary shares of the Company with no cash in consideration.

On December 29, 2021, we entered into a Share Purchase Agreement with Cheyi BVI which operates its business through its VIE, Cheyi Network, an integrated online car-hailing and driver management services company, and each of shareholders of Cheyi BVI.

Pursuant to the agreement, the total consideration for the acquisition of 100% equity ownership of Cheyi BVI is an aggregate of \$23,470,712, consisting of the issuance by the Company to the shareholders of Cheyi BVI an aggregate of 3,189,000 Company's ordinary shares (representing \$6,760,680 with \$2.12 per ordinary share) and payment of \$2,000,000 at closing, and Year-2021 earnout payment of \$8,826,019 and Year-2022 earnout payment of \$5,884,013 if Cheyi BVI's audited net income for its fiscal year 2021 and 2022 is no less than U.S. \$3,000,000 respectively. The two earnout payments are due 13 months upon the delivery of Cheyi BVI's audited financial statements.

Cheyi Network was established in December 2015 as a comprehensive automobile service platform, providing a full range of services to the automotive industry. Cheyi Network has built an integrated business platform with more than 6,000 vehicles and drivers for ride hailing services under management. Its vehicles and drivers provide services to major mobility technology platforms, such as SAIC Mobility and T3 Mobility. The acquisition is expected to offer our customers additional platform enhancements, and directly fits with our acquisition strategy, which includes adding financially accretive, best-of-breed companies and products.

On December 31, 2021, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% shares outstanding of the Cheyi BVI, and we issued 3,189,000 ordinary shares and paid \$2,000,000 to the sellers.

On March 14, 2022, we entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua.

Under terms of the share purchase agreement, we shall pay \$10,076,600 in exchange for 100% equity of Yinhua. Of the total consideration to be paid, \$7,078,100 shall be paid in form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share of the Company, and \$1,000,000 upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022.

Founded in 2018, Yinhua provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Yinhua develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% shares outstanding of the Yinhua, and we issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

On December 21, 2022, we entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, we acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

On May 26, 2023, we entered into a Share Purchase Agreement with Liquor Alliance Investment (BVI) Limited ("Alliance BVI") which operates its liquor distribution business through its variable interest entity Xiamen Alliance Liquor Industry Group Co., Ltd. (formerly known as Guizhou Minzusheng Liquor Co., Ltd.) in China, and each of the shareholders of the Alliance BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, we acquired 100% of Alliance BVI for approximately \$16,084,180, of which 4,569,095 ordinary shares was issued upon closing. Alliance BVI shall receive cash in the amount of \$8,042,090 if it achieves a targeted net income of US\$2.0 million during the fiscal year of 2023.

On December 30, 2023, Cheyi WFOE, Cheyi Network and Cheyi Network's shareholders executed a VIE Termination Agreement to terminate the Master Exclusive Service Agreement, Business Cooperation Agreement, Proxy Agreement, Exclusive Option Agreement, Equity Interest Pledge Agreement and Letter of Confirmation and Undertaking.

Recent Developments

On April 16, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), pursuant to which two accredited investors agreed to purchase an aggregate of 5,000,000 ordinary shares (the "Shares"), par value \$0.001 per share, for an aggregate purchase price of \$2,000,000, representing a purchase price of \$0.40 per Share (the "Financing"). The Purchase Agreement contains customary representations and warranties by the Company and customary closing conditions. On April 17, 2024, the Company closed the Financing. At the closing, the Company received gross proceeds of \$2,000,000 in the aggregate, in exchange for the issuance of the Shares. The issuance of the Shares was exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

On March 30, 2024, a 2024 Incentive Plan is being filed by the Company in accordance with the requirements of Form S-8 in order to register 5,000,000 ordinary shares, par value of \$0.001 ("Ordinary Shares") of the Company issuable pursuant to the 2024 incentive equity plan of the Company (the "2024 Incentive Plan") adopted by the Board of Directors of the Company.

The Company has 37,106,322 ordinary shares outstanding as of the date of this annual report.

4.B. Business Overview

Overview

The Company is not an operating company. It is a Cayman Islands holding company with its operations conducted through its subsidiaries in the PRC (the "Subsidiaries") and through contractual arrangements with its variable interest entity (the "VIEs"). We engaged in a number of diverse business activities, including trucking

On March 14, 2022, we entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua. On March 18, 2022, the parties completed the transaction. Founded in 2018, Yinhua provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Yinhua develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

On December 21, 2022, we entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI. On December 21, 2022, the parties completed the transaction. Feipeng BVI provides regional trucking services in Xinjiang, PRC through its VIE, Feipeng. Feipeng mainly focuses on the short-distance coal transportation.

On May 26, 2023, we entered into a Share Purchase Agreement with Liquor Alliance Investment (BVI) Limited ("Alliance BVI") which operates its liquor distribution business through its variable interest entity Xiamen Alliance Liquor Industry Group Co., Ltd. (formerly known as Guizhou Minzusheng Liquor Co., Ltd.) in China.

The following chart sets forth a summary of the licenses and permissions obtained by the principal PRC subsidiaries as of the date of this annual report:

Approval	Recipient	Issuing body	Date of grant	Date of expiry
Road Freight Forwarding Operation Permit	MingZhu	Shenzhen Transportation Committee	October 8, 2022	October 7, 2026
Road Freight Forwarding Operation Permit	MingZhu Pengcheng	Shenzhen Transportation Committee	September 17, 2022	September 16, 2026
Value-added Telecommunications Business License	Zhisheng	Ministry of Industry and Information Technology	October 8, 2022	October 7, 2026
Road Transport Operation Permit	Feipeng	Xinjiang Road Transport Administration	September 17, 2022	September 16, 2026

We have obtained all requisite licenses and permissions to conduct our business in China in material aspects. Furthermore, we believe that (i) we will not be required to submit an application to the CSRC for its approval of the VIE arrangement under the "M&A Rules"; (ii) we would not constitute an "operator of critical information infrastructure" nor our or VIE's business and activities would affect or may affect national security, so we believe we are not subject to the cybersecurity review under the Cybersecurity Review Measures; and (iii) there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations and prospects for future PRC laws and regulations, and there can be no assurance that the relevant government agencies will take a view that is not contrary to or otherwise different from the conclusions stated above. If we, our subsidiaries, or the VIEs (i) do not receive or maintain such permissions or approvals, should the approval be required in the future by the PRC government, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, our operations and financial conditions could be materially adversely affected, our ability to offer securities to investors could be significantly limited or completely hindered and our securities may substantially decline in value or be worthless. If it is determined in the future that the approval of the CSRC, the Cyberspace Administration of China or any other regulatory authority is required, we may face sanctions by the CSRC, the Cyberspace Administration of China or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operations in China, delay or restrict the repatriation of the proceeds into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations, as well as the trading price of our securities. The CSRC, the Cyberspace Administration of China or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt any securities offering we may undertake in the future. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC, the Cyberspace Administration of China or other regulatory PRC agencies later promulgate new rules requiring that we obtain their approvals in the future, we may be unable to obtain such approvals or a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such an approval requirement could have a material adverse effect on the trading price of our securities.

We engaged in a number of diverse business activities, including trucking services and car owner services. We also engaged in liquor distribution business.

Trucking services

The Company's trucking services are provided through Mingzhu and its subsidiaries and newly acquired VIE Feipeng and its subsidiaries.

Mingzhu is a trucking service provider in China with over 21 years of experience in the transportation industry. It was our first operating subsidiary formed 2002. It has been accredited by the China Federation of Logistics and Purchasing as a 4A-grade trucking service provider. Its transportation services operate out of two terminals, one in the Guangdong region, and the other in the Xinjiang region. It primarily provides dedicated trucking services within the PRC. It has created a successful business model that has allowed us to expand our customer base and market coverage whilst maintaining good relationships with our existing customers. To further expand our market shares in Xinjiang region, we acquired Feipeng, which focuses on the short-distance coal transportation in Xinjiang region.

Competition

We believe that the following strengths differentiate us from our competitors and provide us with advantages for realizing the potential of market opportunity:

- To establish a solid reputation in the transportation industry in the PRC, we focus on the quality of our trucking services to ensure that we are able to meet the quality standards expected from our customers. Our focus on quality covers various areas such as vehicle reliability, service reliability, flexible and customizable service offerings for our customers, as well as responsiveness to customer feedback, and continuous process improvement.
- We have been able to maintain stable business relationships with our major customers, including reputable logistics companies in the PRC. Working with sizeable customers has strengthened our company's reputation and credibility in the transportation industry.
- We believe that the extensive industry expertise and experience of our management team is essential to our success. Our senior management team has an average of approximately 15 years of experience with our company and 19 years of experience in the transportation industry in the PRC. We believe that the experience and knowledge of our management team would enable us to keep abreast of our competitiveness and market landscape from time to time, recognize the needs of our customers more readily and manage our operations, specifically, labor and vehicle deployment, more efficiently.
- With two regional terminals, one in Guangdong and the other in Xinjiang, we have set up an established network of transport nodes throughout the years. Such a network has opened many routes for us to offer our customers more comprehensive services. We have become capable of covering a larger geographic region and

provide more types of transportation services. We believe that our wide range of services offered has provided us with a significant competitive advantage over other local service providers in the PRC that only offer limited types of road trucking services with fixed routes, itinerary, and schedules.

Car owner services

The Company's car owner services are provided through Zhisheng.

Zhisheng was founded in 2018, Zhisheng provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Zhisheng develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

Competition

We believe that the following strengths differentiate us from our competitors and provide us with advantages for realizing the potential of market opportunity:

- We have our complex services integrated in one platform, which provides flexibility to our customers.
- We have been able to maintain stable business relationships with our major customers, including well known insurance companies in the PRC. Working with sizeable customers has strengthened our company's reputation and credibility in the transportation industry.
- We believe that the extensive industry expertise and experience of our management team is essential to our success. We have a first-class technical team, all from major 500 companies.

Liquor distribution

The Company's liquor distribution is conducted through Liquor Alliance.

The Liquor Alliance was established on November 24, 2011. It is a liquor distributor operated in China. It mainly focuses on the wholesales of Baijiu and other high quality Chinese spirit.

Competition

We believe that the following strengths differentiate us from our competitors and provide us with advantages for realizing the potential of market opportunity:

- We have built up stable business relationships with the liquor factories in the main plant area in China, including Maotai County area.
- We possess multiple self-owned brands of liquor, which offers the first class of liquor in China. We believe the branding will enhance the awareness of our company.

Customers

Our customers are mainly sizeable third-party logistics companies, freight forwarders, warehouse operators, and other supply chain service providers in the PRC.

Our Relationship with Major Customers

During the years ended December 31, 2023, 2022 and 2021, sales to our top five customers accounted for approximately 55.8%, 31.4% and 49.4%, respectively. We have been able to maintain stable business relationships with our major customers, including reputable logistics companies in the PRC. Working with sizeable customers has strengthened our company's reputation and credibility in the transportation industry.

Despite our concentration on a limited number of major customers, we believe that a number of factors will help mitigate any material adverse impact of such concentration on our business operations and financial condition. Our services model and facilities are not specifically designed to cater solely for one particular customer. In contrast, they are flexible and adaptable in serving different customers' needs. In the event that our current business relationship with our five largest customers or any one of them deteriorates, our services can be readily transferred to serve other potential new customers and satisfy their needs. The preparation works required for serving new customers usually include fine-tuning quality procedures to suit individual customer requirements, coordinating with new customers, re-designing the delivery route, allocating warehousing space and updating computer systems to facilitate the process, which in our view will not incur any significant cost or require long transition periods. In fact, our major customers continued to evolve in the past three years.

We believe that our continuous effort in providing high quality trucking services to our customers is the key to enlarge our market share in the transportation industry, strengthen our customer base as well as enhance our marketing effectiveness. Our operation team generally handles inquiries, complaints and feedbacks from our customers and will maintain a regular contact with our external transportation subcontractors with the goal of resolving issues such as late deliveries or complaints from customers in a timely fashion.

We recognize that having a high level of customer services is crucial in maintaining our reputation in the market and cultivating customer loyalty. Thus, we follow up with the orders and keep track of the level of satisfaction of our customers. We also gather customers' feedbacks and review the flow of our trucking services in order to increase our customers' satisfaction and improve our service quality. For further information regarding our quality control, please refer to "—Quality Assurance."

Customer Acquisition

Our new customers are mainly referrals from our existing customers which in our view, is a reflection of our existing customers' satisfaction with our services. Our primary strategy for new customer acquisition is to further develop our existing terminals in Guangdong and Xinjiang by expanding the range of transportation solutions offered from these terminals. We also plan to expand into new geographic regions through the opening of new terminals in new markets.

In addition, we seek out new customers through marketing activities such as participating in trade fairs and functions. We focus on attracting financially stable customers who ideally share traffic flows that complement our existing routes. By maintaining an even flow of freight traffic, we improve our utilization rate by minimizing movement of empty

idle equipment. Additionally, we continuously form strategic alliances with local government agencies to attain stronger regional market knowledge and influence.

Seasonality

For our customers that are logistic companies, the routes and schedules that have been contracted with us are generally scheduled and regular and remain unchanged throughout the contract period. If our customers experience sudden spikes in demand for trucking services, they may seek other service providers instead of changing the terms of our trucking services.

In general, demand for our trucking services has been observed to be higher in June, November and December each year due to the sales campaigns organized by various online shopping platforms. To meet the demand in peak seasons, we extend our hours of operation each day during these months. Despite peak demand seasons being observed in the consumer goods industry, the business’s dedicated trucking services ensure a level of stability in our operations and therefore our directors feel that seasonality do not have major impact to the business’ overall revenue and business operations.

For liquor distribution and car-owner services, there is no significant impact found as due to seasonality.

Our Supply

The supplies we need for our trucking service business mainly include insurance, tires, vehicles, fuel oil and gas. The supplies we need for our car-owner services are car services subcontractors. The supplies we need for our liquor distribution are liquor manufacturer.

Sales, Marketing and Distribution

We have not spent a significant amount of capital on advertising in the past, and our advertising budget continues to be limited.

We mainly rely on our established relationships with our existing customers, customer referrals and our reputation to expand our business. Aside from obtaining new customers through referrals, we also seek out new customers by attending and participating in trade fairs. Our management team will regularly attend functions to build a stronger network with existing customers and so that potential customers may be referred to us. Our sales and marketing team regularly contact customers to maintain good business relationships and to expand our network by soliciting new customers through referrals from existing customers.

Intellectual Property

Regulations Relating to Intellectual Property in the PRC

Copyright

Pursuant to the Copyright Law of the PRC, as amended in 2010, copyright protection extends to cover Internet activities and products disseminated over the Internet. Pursuant to the Regulations on the Protection of Computer Software promulgated by the State Council In December 2001 and most recently amended in January 2013, and the Rules for the Registration of Computer Software Copyright, which was promulgated by the China Copyright Office and came into effect in February 2002, anyone publishes, revises or translates computer software without obtaining the prior approval of the computer software copyright holders shall bear civil liability to the copyright owner because of harming the copyright. The corporate computer software copyright is valid for a term of 50 years until 31 December of the 50th year, starting from the date as of first publication. The computer software copyright owners shall register at the registration institution authorized by the PRC Copyright Office to obtain the computer software copyright registration certificates as preliminary evidence of the computer software copyright being registered.

We own 17 PRC copyright registrations, including 1 art-work copyright and 16 software copyrights.

Name	Copyright No./Trademark No.	Applicant/Copyright Holder	Status	Expiration Date
Yangang Mingzhu Trunk Road Transportation Personnel Management System V1.0	2017SR625777	Mingzhu	Registered	January 6, 2067
Yangang Mingzhu Trunk Road Transportation Vehicle Registration System V1.0	2017SR625609	Mingzhu	Registered	February 28, 2067
Yangang Mingzhu Harbor Collection and Transportation Goods Inspection System V1.0	2017SR625618	Mingzhu	Registered	March 6, 2067
Yangang Mingzhu Port Collection Weighing System V1.0	2017SR626715	Mingzhu	Registered	April 10, 2067
Yangang Mingzhu Cold Chain Transportation Temperature Real-time Monitoring System V1.0	2017SR626709	Mingzhu	Registered	May 15, 2067
Yangang Mingzhu Cold Chain Transportation Temperature Control System V1.0	2017SR626701	Mingzhu	Registered	June 9, 2067
Yangang Mingzhu Supplies Centralized Supply and Sales System V1.0	2017SR626921	Mingzhu	Registered	June 19, 2067
Yangang Mingzhu Supplies Integrated Sales Management System V1.0	2017SR625793	Mingzhu	Registered	July 6, 2067
Yangang Mingzhu property integrated parking management system V1.0	2017SR626312	Mingzhu	Registered	July 21, 2067
Yangang Mingzhu property grid-based information system V1.0	2017SR625829	Mingzhu	Registered	August 18, 2067
Yangang Mingzhu Real-time Inquiry and Monitoring Management Software for Distribution Information V1.0	2019SR0561346	Mingzhu	Registered	December 4, 2068
Yangang Mingzhu Intelligent Remote Control Sorting System V1.0	2019SR0561184	Mingzhu	Registered	December 25, 2068
Yangang Mingzhu Freight Vehicle Track Monitoring Big Data Platform V1.0	2019SR0561342	Mingzhu	Registered	October 17, 2068
Yangang Mingzhu Abnormal Freight Information Warning Platform V1.0	2019SR0561338	Mingzhu	Registered	January 9, 2069
Yangang Mingzhu Intelligent Alert System for Capacity Cost Control V1.0	2019SR0559893	Mingzhu	Registered	November 7, 2068
Dynamic logistics distribution method and its system based on network communication V1.0	2019SR0561251	Mingzhu	Registered	November 28, 2068
Yangang Mingzhu Logo	Guo Zu Deng Zi-2021-F-	Mingzhu	Registered	N/A

Trademark

Pursuant to the Trademark Law of the PRC, as last amended in April 2019 and which became effective on November 1, 2019, and the Implementation Regulations on the Trademark Law of the PRC amended in April 2014, the period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. Without putting the licensing of the trademark on records, the trademark shall not be used to defend the bona fide third party.

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We have been granted one trademark which is a registered trademark in the PRC:

Name	Application No./Trademark No.	Applicant/Trademark Holder	Status	Expiration Date
盐港明珠	22675420	Mingzhu	Registered	February 20, 2028

Patent

Pursuant to the Patent Law of the PRC, as amended in 2008, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Once the infringement of a patent is confirmed, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

We currently own 6 PRC patents related to technologies used in connection with trucking services, including 1 invention patent and 5 utility patents.

Name	Application No./Patent No.	Applicant/Patent Holder	Status	Expiration Date
A container anti-theft lock	ZL201721417207.4	Mingzhu	Registered	October 27, 2027
Freight vehicle engine status monitoring system	ZL201721398988.7	Mingzhu	Registered	October 27, 2027
Freight vehicle vision blind area monitoring system	ZL201721400239.3	Mingzhu	Registered	October 27, 2027
Freight vehicle fuel tank status monitoring system	ZL201721398999.5	Mingzhu	Registered	October 27, 2027
Freight vehicle tire status monitoring system	ZL201721398990.4	Mingzhu	Registered	October 27, 2027
A cantilever hoist for logistics transportation	ZL201710933794.0	Mingzhu	Registered	May 21, 2039

Domain Name

The domain name is protected and regulated under the Measures for the Administration of Domain Names for the Internet promulgated in August 2017 and effective in November 2017. According to these measures, the principle "first come, first serve" is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it. Any organization or individual may file an application for settlement with the domain names dispute resolution institution or file a lawsuit in the people's court in accordance with the law if such organization or individual consider its/his/her legal rights and interests to be infringed by domain names registered or used by others.

We own one international domain name.

Name	Domain Name	Domain Name Holder	Status	Expiration Date
International Domain Name Registration Certificate	szygmz.com	Mingzhu	Registered	March 4, 2024

Environmental Matters

Pursuant to the PRC Prevention of Environmental Noise Pollution Law, noise arising from the industrial and manufacturing activities should not exceed the prescribed emission level. We believe that we are in compliance with such requirement.

Due to the nature of our business, our operational activities do not directly generate industrial pollutants. As such, we have not directly incurred any cost of compliance with applicable PRC environmental protection rules and regulations as of the date of this annual report and do not expect that we will directly incur significant costs for such compliance in the future.

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Pursuant to the Limits and Measurement Methods of Fuel Consumption of Operating Vehicles and Limits and Measurement Methods of Fuel Consumption of Operating Truck, fuel consumption of our vehicles is subject to certain limitations prescribed thereunder. We have an internal policy in place to ensure all vehicles that we purchase are in compliance with these measures. We also engaged in fuel consumption testing project with truck manufacturer to test the fuel consumption of certain vehicles. In addition, we have invested largely in LNG vehicles to become more environmentally friendly and to adhere to international standards.

MingZhu, has obtained ISO14001:2015 Certification, which is an internationally recognized standard for identifying, managing, monitoring and controlling their environmental issues. As of the date of this annual report, we had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. We have not been subject to any administrative sanctions or penalties that have a material and adverse effect on our financial condition or business operation.

Facilities

We believe our facilities are sufficient for our current needs and that, should it be needed, suitable additional space will be available on commercially reasonable terms to accommodate any such expansion of our operations.

Location of property	Approximate gross floor area (sq. meters)	Term of Lease	Facility Usage
27th floor, Yantian Modern Industry Service Center, No.3018, Shayan Road, Yantian District, Shenzhen City, Guangdong Province, PRC	2,095.61	Five years (November 21, 2018 to November 20, 2023)	Office
Room 2307 and Room 2308, Unit A, Building 1, Haitongju, Zhongqing 1st road, Yantian District, Shenzhen City, Guangdong Province, PRC	99.04	Three years (September 1, 2021 to August 31, 2024)	Staff Accommodation

Licenses and Permits

We have obtained all necessary licenses, approvals and permits that are material to our road transportation business, all of which are validly issued and current as of the date of this annual report. The details of the permits we have obtained by are as follows:

Approval	Recipient	Issuing body	Date of grant	Date of expiry
Road Freight Forwarding Operation Permit	MingZhu	Shenzhen Transportation Committee	October 8, 2022	October 7, 2026
Road Freight Forwarding Operation Permit	MingZhu Pengcheng	Shenzhen Transportation Committee	September 17, 2022	September 16, 2026
Value-added Telecommunications Business License	Zhisheng	Ministry of Industry and Information Technology	September 17, 2022	September 16, 2026
Road Transport Operation Permit	Feipeng	Xinjiang Road Transport Administration	November 9, 2022	November 8, 2026

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Employees

We had 180 full-time employees as of December 31, 2023. The following table sets forth the number of our full-time employees categorized by function as of December 31, 2023:

Function	Number of Employees
Management	6
Administrative and Accounting	15
Safety and Technique	4
Operations	31
Drivers	124
Sales	15
Total	195

We invest significant resources in the recruitment of employees in support of our rapidly growing business operations. We have established comprehensive training programs, including orientation programs and on-the-job-training, to enhance performance and service quality. We also regularly conduct employee trainings in the areas of risk management, managerial skills, company culture and communications.

As required by regulations in China, we participate in various government statutory social security plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund. We are required under PRC law to contribute to social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time. For risk in relation to our contribution for employee social security plans, see "3.D. Risk Factors - Risks Related to Doing Business in China—Any failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalty and materially and adversely affect our business, financial condition, and results of operations."

Recognitions and Awards

We have been accredited by the China Federation of Logistics & Purchasing as a 4A-grade trucking services company for the period of September 2020 to September 2023. A 4A-grade trucking services provider must meet the criteria of being able to cover routes across provinces and have (1) RMB300 million to RMB1.65 billion freight revenue per year, (2) have been operating for at least three years to five years, (3) have RMB200 million to RMB1.1 billion total assets (no higher than 70% of debt ratio), (4) own 400 to 1500 transport vehicles (or total weight of 2000 to 7500 tones), (5) have 30 to 50 operating outlets, and (6) operate an effective institution with operating systems for management, finance, statistics, and have technical departments in place.

In addition to our 4A-grade accreditation, we have also been recognized as a Green Card Enterprise according to the qualitative assessments of Four Rates system set by the Shenzhen Bureau of Transportation in 2007 and 2008. Furthermore, we have received the following awards and recognitions that are notable within the industry:

Year of Award	Recipient	Award	Awarding organization or authority
2019	MingZhu	2018 Shenzhen National Road Traffic Safety Advanced Unit	Shenzhen Public Security Bureau Traffic Police Station
2017	MingZhu	Guangdong Province Road General Freight Transport Enterprise Integrity Evaluation AAA (Excellent)	Guangdong Provincial Department of Transportation
2017	MingZhu	Yantian District Advanced Enterprises with Harmonious Labor Relations	Shenzhen Yantian District Labor Relations Coordination Committee
2016	MingZhu	Advanced Unit of Transportation Safety Production	Shenzhen Port and Freight Transport Administration
2014	MingZhu	Outstanding Contribution Award	Yantian Chamber of Logistics
2010	MingZhu	Excellent Enterprise	Shenzhen Municipal Transportation Bureau and Shenzhen Container Trailer Transport Association
2009	MingZhu	Shenzhen Advanced Unit for Transportation Safety Production	Shenzhen Municipal Transportation Bureau

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Legal Proceedings

We are currently not a party to any legal or administrative proceedings that will likely have material impact on our business operations, financial condition or results of operations. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, may result in additional costs and diversion of our resources, including our management's time and attention.

Governmental Regulations

Business license

Any company that conducts business in the PRC must have a business license that covers a particular type of work. Our business license covers our present business of road transportation. Prior to expanding our business beyond that of our business license, we are required to apply and receive approval from the PRC government.

Employment laws

Enterprises in China are mainly subject to the following PRC labor laws and regulations: Labor Law of the PRC, PRC Labor Contracts Law, the Social Insurance Law of the PRC, the Regulation of Insurance for Work-Related Injury, the Regulations on Unemployment Insurance, the Provisional Measures on Insurance for Maternity of Employees, the Interim Regulation on the Collection and Payment of Social Insurance Premiums, the Administrative Regulation on Housing Fund and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

Pursuant to Labor Law of the PRC, which was promulgated in July 1994, effective January 1995, and most recently amended in December 2018, companies must enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, preventing work-related accident and reducing occupational hazards. Companies must also pay for their employees' social insurance premium.

The principal regulations governing the employment contract is the PRC Labor Contracts Law, which was promulgated in June 2007 and amended in December 2012. Pursuant to the PRC Labor Contracts Law, employers shall establish employment relationship with employees on the date that they start employing the employees. To establish an employment, a written employment contract shall be concluded, or employers will be liable for the illegal actions. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

As required under the Social Insurance Law of the PRC, the Regulation of Insurance for Work-Related Injury, the Regulations on Unemployment Insurance, the Provisional Measures on Insurance for Maternity of Employees and the Administrative Regulation on Housing Fund, enterprises in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance and housing accumulation fund.

Foreign currency exchange

Under the PRC foreign currency exchange regulations applicable to us, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, and trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the PRC State Administration of Foreign Exchange, or SAFE. Foreign-invested enterprises may buy, sell and/or remit foreign currencies only at those banks authorized to conduct foreign exchange business, after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, SAFE and the State Reform and Development Commission.

Mandatory statutory reserve and dividend distributions

Under applicable PRC regulations, foreign-invested enterprises in China may pay dividends out of their accumulated profits only, if any, as determined in accordance with PRC accounting standards and regulations. In addition, a foreign-invested enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year for its general reserve until the cumulative amount of such reserve reaches 50% of its registered capital. These reserves are not distributable as cash dividends. The board of directors of a foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds, which may not be distributed to equity owners except in the event of liquidation.

Overseas Listings

Under the M&A Rules, were jointly adopted by six PRC regulatory authorities, including CSRC, in August 2006, and most recently amended in June 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into an FIE, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into an FIE; or (ii) a foreign investor establishes an FIE which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish an FIE. According to the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic company which is related to or connected with it/him/her, approval from MOFCOM is required.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Administrative Measures") and relevant supporting guidelines (together with the Trial Administrative Measures, the "New Administrative Rules Regarding Overseas Listings"), which came into effective on March 31, 2023. According to the New Administrative Rules Regarding Overseas Listings, a company based in the mainland of China that seeks to offer and list securities in overseas markets should fulfill the filing procedure with the CSRC as per requirement of the Trial Administrative Measures. In particular, where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer should designate a major domestic operating entity as the domestic responsible entity to file with the CSRC. Initial public offerings or listings in overseas markets should be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities should be filed with the CSRC within 3 working days after the offering is completed. The required filing materials with the CSRC include (without limitation) record-filing reports and related undertakings and PRC legal opinions issued by domestic law firms (with related undertakings), in which the VIE structure (if applicable) and reasons and risk factor thereof is required to be clarified in details.

Regulations Relating to Taxation in the PRC

Enterprise Income Tax

In accordance with the PRC Enterprise Income Tax Law (the "EIT Law", promulgated in March 2007 and last amended in December 2018) and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC (the "EIT Regulations", promulgated in December 2007 and last amended in April 2019), enterprises are classified as either "resident enterprises" or "non-resident enterprises." Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country

(region) whose actual administration institution is in PRC, shall be considered as "resident enterprises." Enterprises established under the law of the foreign country (region) with "de facto management bodies" outside the PRC, but have set up institutions or establishments in PRC or, without institutions or establishments set up in the PRC, have income originating from PRC, shall be considered as "non-resident enterprises." The Circular Related to Relevant Issues on the Identification of a Chinese holding Company Incorporated Overseas as a Residential Enterprise under the Criterion of De Facto Management Bodies Recognizing issued by the State Administration of Taxation (the Circular 82) promulgated by the State Administration of Taxation on April 22, 2009 and last revised in December 2017 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with its "de facto management bodies" located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations function mainly in China; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) its major assets, accounting books, company seals and minutes and files of its board and shareholders' meetings are located or kept in China; and (iv) half or more than half of the enterprise's directors or senior management with voting rights reside in China. Although the circular only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

A resident enterprise shall pay EIT on its income originating from both inside and outside PRC at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from PRC obtained by such establishments or places of business, and on its income which deriving outside PRC but has an actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its passive income derived from the PRC at a reduced EIT rate of 10%.

According to the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises which was promulgated by SAT on February 3, 2015 and came into effect on the same day, revised in October 2017 and December 2017, where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the EIT payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the EIT Law. Where the EIT on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Announcement, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (the "SAT Bulletin 37"), which came into effect on December 1, 2017 and revised in June 2018. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Value-Added Tax

Pursuant to the Provisional Regulations on Business Tax which was promulgated by the State Council in December 1993 and revised in November 2008, organizations and individuals engaging in provision of labor services stipulated in these regulations, transfer of intangible assets or sale of immovables in China shall be taxpayers of business tax and shall pay business tax and the applicable business rate for transportation industry is 3%. The Provisional Regulations on Business Tax was abolished in November 2017. In accordance with Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Caishui [2016] No. 36), which was promulgated on March 23, 2016 and came into effect on May 1, 2016 and has been partially abolished, upon approval of the State Council, the pilot program of the collection of value-added tax (the "VAT") in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 1, 2016, and all business taxpayers engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax. For transportation service income, the application VAT tax rate is 11%. For international transportation service income, the application VAT tax rate is 0%.

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (the "VAT Regulations") last amended in November 2017 and effective on the same day and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in China, or importing goods to China are required to pay the VAT. The amount of VAT payable is calculated as "output VAT" minus "input VAT." The rate of VAT is 17% for those engaging in the sale of goods or labor services or tangible personal property leasing services or importation of goods except as otherwise provided by the VAT Regulations. Furthermore, pursuant to the VAT Regulations, the tax rate of VAT is 11% for the sales of the service of transportation, posting, basic telecommunications, construction and leasing real estate, the sale of real estate and the transfer of land use right, or sell or import the goods listed in the VAT Regulations.

In April 2018, the Ministry of Finance ("MOF") and SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates, or Circular 32, according to which for VAT taxable sales acts or importation of goods originally subject to value-added tax rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively. Circular 32 became effective on May 1, 2018 and shall supersede existing provisions which are inconsistent with Circular 32.

In March 2019, MOF, SAT and General Administration of Customs ("GAC") jointly promulgated the Announcement on Policies for Deepening the VAT Reform, or Circular 39, according to which for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively. This Announcement came into force on April 1, 2019.

Urban Maintenance and Construction Tax

Pursuant to the Provisional Regulation on Urban Maintenance and Construction Tax of the PRC as amended in January 2011, any taxpayer, whether an entity or individual, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax based on the total amount of consumption tax, value-added tax or business tax paid by such taxpayer. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Education Surcharge

Pursuant to the Provisional Provisions on Imposition of Education Surcharge as amended in January 2011, a taxpayer, whether an entity or individual, of consumption tax, value-added tax or business tax shall pay an education surcharge at a rate of 3% on the total amount of consumption tax, value-added tax or business tax paid by such entity, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas that promulgated by State Council in December 1984.

Dividend Withholding Tax

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set up institutions or establishments. However, the EIT Regulations reduced the rate from 20% to 10% with the implementation date starting from 1 January 2008. Pursuant to the EIT Law and the EIT Regulations, an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises", and gains derived by such investors, which (a) do not have an establishment or place of business in mainland China or (b) have an establishment or place of business in mainland China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within mainland China. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our foreign shareholders reside.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income (the "Double Tax Avoidance Arrangement"), and other applicable mainland Chinese laws, if a Hong Kong resident enterprise is determined by the competent tax authority in mainland China to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (the "Notice No. 81") issued in February 2009 by the SAT, if the relevant Chinese tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such Chinese tax authorities may adjust the preferential tax treatment. Based on Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (the "Notice No. 601"), issued in October 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. In February 2018, SAT issued the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties, which became effective on April 1 and "the Notice 601" was repealed simultaneously. The Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties stipulates issues relating to determination of "beneficial owner" status in clauses of tax treaties on dividends, interest and royalties.

Tax Collection and Payment

The Law of the PRC on the Administration of Tax Collection (the "Tax Collection Law"), which was promulgated by the Standing Committee of National People's Congress in September 1992 and last amended in April 2015, prescribes a regulatory framework of tax collection and payment in the PRC and the Implementation Regulations for the Law of the PRC on Administration of Tax Collection as amended in February 2016 has made further provisions on the basis of the Tax Collection Law. Pursuant to the Tax Collection Law, a taxpayer or withholding agent shall pay or deliver tax payments in compliance within the time limit specified by laws or administrative regulations, or as determined by taxation authorities in accordance with laws or administrative regulations. Where a taxpayer or a withholding agent fails to pay or underpays the amount of tax that should be paid or remitted within the specified time, the tax authorities shall order the taxpayer or withholding agent to pay or remit the tax within the specified time limit, and impose a penalty for late payment on a daily basis at the rate of 0.05% of the amount of tax in arrears from the date the tax payment is defaulted. If the taxpayer or withholding agent still fails to do so on the expiration of the time limit, the tax authorities may recover such unpaid taxes by adopting compulsory enforcement measures, and impose a fine of not less than 50% but not more than five times the amount of tax the taxpayer or withholding agent fails to pay or underpays or fails to remit. As prescribed by the Tax Collection Law, such compulsory enforcement measures adopted by the tax authorities may include (i) to notify in writing the bank or any other financial institution with which the taxpayer, withholding agent or tax payment guarantor has opened an account to withhold and remit the taxes from its deposits; (ii) to attach, seal up or, in accordance with law, auction or dispose of the commodities, goods or other property of the taxpayer, withholding agent or tax payment guarantor, valued equivalent to the taxes payable, and to use the proceeds therefrom to offset the taxes payable. Furthermore, the taxation authorities shall also announce the tax payments defaulted by taxpayers regularly.

Regulations Relating to Transportation Industry

Pursuant to the Regulations of the PRC on Road Transport promulgated by the State Council in April 2004 and last amended in March 2019, the permit on the operation of the road transportation business, issued by the local transportation authority, except otherwise provided by these regulations, is required for any individual or entity to conduct its road transportation business. The transportation vehicles shall take operation licenses which are prohibited from being assigned or leased. Under the Regulations of the PRC on Road Transport, a company engaged in the operation of road transportation without road transportation operation licenses shall be ordered to stop its operation by the administrations of road transportation at the county level or above; any illegal gains shall be confiscated and the company shall be fined not less than 2 times but not more than 10 times of the amount of the illegal gains; where no illegal gains or the illegal gains is less than RMB 20,000, the company shall be fined RMB 30,000 to RMB 100,000. The Regulations of the PRC on Road Transport also clarifies that foreign investors may, in accordance with relevant PRC laws, administrative regulations and relevant state regulations, invest in road transport operations and road transport related businesses in the territory of the People's Republic of China through Chinese-foreign joint ventures, Sino-foreign cooperation, and sole proprietorship.

In 2001, the Provisions on the Administrative of the Foreign-Invested Road Freight Forwarding Industry was promulgated and amended several times, which required that FIEs, engaging in road goods transport, road goods portage and loading and unloading, road goods storage and other supplementary services and vehicle maintenance relating to road transport and foreign invested enterprises for the provision of road freight forwarding services, including the transportation of goods by road, handling, warehousing and other related services, must obtain the Road Freight Forwarding Operation Permit from the provincial competent departments of communications and these enterprises must satisfy specific qualifications and conditions. However, the Provisions on the Administrative of the Foreign-Invested Road Freight Forwarding Industry has been revoked from November 2018 and therefore the business engaged by the Group is no longer regulated by the above provisions.

Pursuant to the Notice of Guangdong Provincial Department of Transportation on Delegating the Examination and Approval Authority of the Business Road Transportation of Hong Kong and Macao Enterprises (Yue Jiao Yun [2012] No.1118), the examination and approval authority of the Hong Kong and Macao commercial road transportation enterprises was delegated to the municipal department of transportation above local level, and the Hong Kong and Macao enterprises shall obtain the Road Freight Forwarding Operation Permit from the municipal department of transportation above local level.

Regulations Relating to International Freight Forwarding Agencies

We might be considered as an international freight forwarding agency for engaging in the air freight business before, even though we have suspended this type of business for now. According to the Administrative Provisions of the People's Republic of China on International Freight Forwarders (promulgated in 1995 and revised in 2004), its detailed rules for implementing (promulgated in 2004) and the Tentative Measures on Putting on Record of International Freight Forwarding Agencies (promulgated in 2005 and revised in 2016), all international freight forwarding agencies and their branches registered with state industrial and commercial administration in accordance with laws should be filed with the MOFCOM or the governmental authorities authorized by the MOFCOM. An international freight forwarding agency may accept a commission to operate part or all of the following businesses, including (i) to book ship's holds and warehouses, (ii) to supervise the loading and unloading of freight and the assembling and dismantling of containers, (iii) multi-forms of international transportation, (iv) international express deliveries excluding private letters, (v) to submit customs declarations and undergo customs quarantine and insurance inspections, (vi) to prepare the related bills and certificates, pay transport charges, settle accounts and miscellaneous fees, and (vii) any other businesses of an international forwarder. An international freight forwarding agency should conduct its business within its ratified scope. To engage in the above-mentioned businesses, an international freight forwarding agency must register with relevant competent authorities as required by the related laws and administrative rules and regulations. International freight forwarding agencies can also be mutually entrusted to conduct business as stipulated in these regulations. On January 16, 2013, the MOFCOM issued the Guiding Opinions on Accelerating the Healthy Development of International Freight Forwarding and Logistics Industry, which further provides that the MOFCOM entrusts the China International Freight Forwarders Association ("CIFA") to oversee the filing of international freight forwarding enterprises. Accordingly, an international freight forwarding enterprise should complete filings with the CIFA or its branch.

Air freight business is also regulated by the Customs Law of the People's Republic of China (Revised in 2017), the Administrative Provisions of the Customs of the People's Republic of China on the Registration of Customs Declaration Entities (Revised in 2018), the Law of the People's Republic of China on Imported and Exported Commodities Inspection (Revised in December 2018) and its Implementing Regulations revised in 2019. Pursuant to the Customs Law of the People's Republic of China (Revised in 2017) revised by the NPC on April 11, 2017, the consignor or consignee of the goods exported or imported as well as a customs declaration enterprise must register themselves for declaration activities at customs in accordance with the law. Anyone who is not registered at the customs shall not conduct declaration activities. Customs brokers or customs declaration persons shall not make customs declaration illegally on behalf of others or conduct customs declaration activities beyond their business scope. On April 16, 2018, the General Administration of Customs circulated the Announcement on Matters relating to the Consolidation of Enterprises' Qualifications for Customs Declaration and Declaration for Inspection and Quarantine ("Announcement 28"), the record-filing for declaration agencies for inspection and quarantine and the registration for customs declaration enterprises will be consolidated into the registration for customs declaration enterprises. From April 20, 2018, an enterprise will simultaneously become qualified for the customs declaration and the declaration for inspection and quarantine, once it has registered itself or filed a record with the customs and the customs will approve and issue the Certificate of the Customs of the People's Republic of China on Registration of the Customs Declaration Entity and the Registration Form for Declaration Enterprises for Entry-Exit Inspection and Quarantine affixed with its special seal for registration and record-filing to the registered or recorded enterprise simultaneously. On October 26, 2018, the General Administration of Customs circulated the Announcement on Matters Related to Promoting the Integration of Customs Inspection and Optimizing the Registration of Customs Declaration ("Announcement 143"), according to which, from October 29, 2018, the Certificate of the Customs of the People's Republic of China on Registration of the Customs Declaration Entity issued by the customs to the customs declaration enterprise that has completed the registration automatically reflects the two qualifications for customs declaration and the declaration for inspection and quarantine. The original "Registration Form for Declaration Enterprises for Entry-Exit Inspection and Quarantine" and "Registration Form for Entry-Exit Inspection and Quarantine Reporters" will no longer be issued. Any enterprises engaged in the business of making customs declarations and making the declaration for inspection and quarantine as an agent should obtain relevant certificate and make filings for customs declaration persons as prescribed by the foresaid regulations.

Regulations Relating to Work Safety

Pursuant to the Work Safety Law of the PRC promulgated by the Standing Committee of National People's Congress in June 2002 and was recently amended in August 2014; road transportation entities shall establish a work safety management office or be staffed with full-time work safety management personnel. In March 2015, the Ministry of Transportation issued the Notice on Implementing the Work Safe Law, pursuant to which, the relevant enterprise shall establish and improve the safety production responsibility system covering all aspects of production and operation, clear standards and responsibility to the post, solidly promote the standardization of production safety and strengthen safety production management.

Regulations Relating to Dividend Distributions

Pursuant the FIL, foreign investors may, according to the present Law, freely remit into or out of China, in RMB or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of China. In addition, pursuant to the Company Law, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reach 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

Regulations Relating to Foreign Exchange

Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Round-trip Investment Through Special Purpose Vehicles, or Circular 37, issued by SAFE in and effective July 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing and conduct round trip investment in China. Under Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, while "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing FIEs to obtain the ownership, control rights and management rights. Circular 37 requires that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. Circular 37 further provides that option or share-based incentive tool holders of a non-listed SPV can exercise the options or share incentive tools to become a shareholder of such non-listed SPV, subject to registration with SAFE or its local branch.

PRC residents or entities which have contributed legitimate domestic or offshore interests or assets to SPVs but have yet to obtain SAFE registration before the implementation of the Circular 37 shall register their ownership interests or control in such SPVs with SAFE or its local branch. An amendment to the registration is required if there is a material change in the registered SPV, such as any change of basic information (including change of such PRC resident's name and operation term), increases or decreases in investment amounts, transfers or exchanges of shares, or mergers or divisions. Failure to comply with the registration procedures set forth in Circular 37, or making misrepresentation or failure to disclose controllers of FIE that is established through round-trip investment, may result in restrictions on the foreign exchange activities of the relevant FIEs, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations. In February 2015, SAFE further promulgated the Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Circular 13, effective from June 2015 and partially repealed on December 30, 2019. This SAFE Circular 13 has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. All of our shareholders who, to our knowledge, are subject to the above SAFE regulations have completed the necessary registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37.

In March 2015, SAFE promulgated the Circular on Reforming the Administration Approach of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective from June 2015 and partially repealed on December 30, 2019. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the Discretionary Foreign Exchange Settlement. The Discretionary Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of an FIE for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the FIE. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital of an FIE is temporarily determined to be 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if an FIE needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or Circular 16, in June 2016, which became effective simultaneously. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such

converted Renminbi shall not be provided as loans to its non-affiliated entities. As Circular 16 is newly issued, and SAFE has not provided detailed guidelines with respect to its interpretation or implementations, it is uncertain how these rules will be interpreted and implemented.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Authenticity and Compliance Verification, or Circular 3, which took effect on the same day. Circular 3 sets out various measures to tighten authenticity and compliance verification of cross-border transactions and cross-border capital flow, which include without limitation requiring banks to verify board resolutions, tax filing form, and audited financial statements before wiring foreign invested enterprises' foreign exchange distribution above US\$50,000, and strengthening genuineness and compliance verification of foreign direct investments.

In November 2012, SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, as amended in May 2015 and October 2018 and partially repealed on December 30, 2019, respectively, foreign exchange control methods for direct investments have been improved through cancelling and adjusting certain administrative licensing items for foreign exchange control for direct investments. Approval formalities for account opening and deposit for foreign currency accounts under direct investments and approval formalities for reinvestment of domestic legitimate income of foreign investors have been cancelled. Administration for conversion of foreign currency capital into Renminbi by foreign investment enterprises has also been improved.

Our PRC subsidiaries' distributions to their offshore parents are required to comply with the requirements as described above.

Regulations Relating to Funds Transfer to PRC Subsidiaries

We are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries through loans or capital contributions, subject to satisfaction of applicable government registration, approval and filing requirements.

In the event of subsequent changes in the capital of the FIE such as increase in capital, such FIE shall complete change filing formalities with competent administrations for market regulation in accordance with relevant regulations, and registration change formalities shall also be completed with the competent administration of foreign exchange according to the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors. In addition, pursuant to Circular 16, foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

Pursuant to the Provisional Measures on Administration of Foreign Debt (the "Foreign Debt Measures") issued by the State Development Planning Commission (revised), Ministry of Finance and SAFE in January 2003 and became effective on March 1, 2003, any loans provided by us to our PRC subsidiaries in foreign currencies shall be classified as foreign debt under the Foreign Debt Measures. According to the Foreign Debt Measures, the sum of cumulative accrued amounts of medium-term to long-term foreign loans and balance amounts of short-term foreign loans taken by a foreign investment enterprise shall be limited to the difference between the total project investment amount approved by the government and the amount of registered capital. Foreign investment enterprises may take foreign loans freely within the scope of difference.

On January 12, 2017, the PBOC issued the Notice of People's Bank of China on Matters Concerning Macro-Prudential Management on All-round Cross-border Financing (the "No.9 Notice"), which improved the policy framework of the cross-border financing. The No.9 Notice clarifies the new calculation methods of the upper limit of the risk-weighted balance for all types of cross-border financing, in particular, the upper limit for risk-weighted balance for cross-border financing equals to the capital or the net assets multiplied by the leverage rate of cross-border financing and the macro-prudential adjustment parameters. In the case of our PRC subsidiaries, the capital or the net assets is calculated at the net assets of each subsidiary, the leverage rate for cross-border financing for an enterprise is 2, and the macro-prudential adjustment parameter is 1 (the "All-Round Mode"). On March 11, 2020, the PBOC and SAFE promulgated the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudential Regulation Parameter for Full-covered Cross-border Financing, which provides that based on the current macro economy and international balance of payments, the macro-prudential regulation parameter as set forth in the Notice 9 is updated from 1 to 1.25. Currently, the implementation of the foregoing methodologies in cross-border financing have not been formally determined by the PBOC and the SAFE. In the practice, according to the SAFE Shenzhen Branch, which is the competent local SAFE authority for our PRC subsidiaries, FIEs may choose between the Investment Difference Mode and the All-round Mode, but the enterprise cannot change the methodology once it makes the choice and the enterprise may be required to submit different materials for these two methodologies. Based on the current registered capital and total project investment amount, if we would provide funding to our PRC subsidiaries through loans and use the Investment Difference Mode, our PRC subsidiaries will be required to increase its registered capital and total project investment amount. Alternatively, if we choose to use the All-Round Mode, the amount of loans we can make to our PRC subsidiaries as calculated according to the No.9 Notice will not be more than 2.5 times of the net assets of such entities.

Moreover, as the debtors of cross-border financing, our PRC subsidiaries are also required to comply with certain registration formalities for execution of foreign debt contracts with the foreign exchange bureau at the locality within fifteen working days after signing the contracts according to the Notice of State Administration of Foreign Exchange on Promulgation of the Administrative Measures on Registration of Foreign Debt which was promulgated by the SAFE in April 2013 and revised in May 2015.

Pursuant to the Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises promulgated on September 14, 2015 ("Circular 2044"), before the issuance of foreign loans, enterprises shall first apply to the NDRC for record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 business days after completion of each issuance. The term "foreign loan" shall mean RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or more which are issued overseas by domestic enterprises and their controlled overseas enterprises or branches and for which the principal and interest are repaid as agreed, including bonds issued overseas and long- and medium-term international commercial loans, and so forth. In February 2020, the NDRC circulated the Guide to the Registration of Foreign Debt Issued by Enterprises on its official website, according to which, domestic companies (and their controlled overseas companies or branches) who borrowed from foreign companies (including overseas shareholders) a loan for more than one year need to apply to the NDRC. However, the NDRC has not issued any other further explanation for the implementation of the Circular 2044. In the practice, the NDRC's attitude on whether foreign-invested enterprises with foreign loans with a term of more than one year need to register is still not completely unified, and it is generally determined on a case-by-case basis.

Insurance and Social Security Matters

We maintain automobile insurance policies against loss or damage to our vehicles, drivers and third parties arising in the course of the delivery and policies against damages and losses of cargo during the provision of trucking services. We currently do not have any business liability or disruption insurance. We also participate in various government statutory social security plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund.

Our insurance coverage complies with the requirements of our existing customers. We believe that such coverage is in line with industry norms in the PRC and is adequate and sufficient for our current operations.

4.C. Organizational Structure

Our Subsidiaries and VIEs

The Company was incorporated on January 2, 2018 as an exempted company structured as a holding company incorporated under the laws of Cayman Islands. Immediately prior to our initial public offering completed on October 20, 2020, we were owned by three entities and one individual: (i) Alpha Global (BVI) Limited, a company formed under the laws of the British Virgin Islands and wholly-owned by Jinlong Yang, our Chairman and Chief Executive Officer; (ii) Excelsior Investment Limited (Hong Kong), a company formed under the laws of Hong Kong and wholly-owned by Gui Ling Guo, a director and the Vice Chair of the board of directors of MingZhu and (iii) Exquisite Elite Limited (BVI), a company formed under the laws of the British Virgin Islands, with 86% of its equity interest owned by Zhuo Wang, our director. We began our operations in China in 2002 and currently conduct our business through our subsidiaries and VIEs.

We currently have 11 wholly-owned subsidiaries, including MingZhu BVI, MingZhu HK, a limited liability company formed under the laws of Hong Kong, Alliance BVI, Yinhua, Cheyi (Hong Kong) Limited, Yinhua (HK) Limited, and five operating subsidiaries, including MingZhu. Our five operating subsidiaries are companies formed under the laws of the PRC. Liquor Alliance, Feipeng and Zhisheng are VIEs of us in the PRC. In 2002, we formed MingZhu to primarily engage in the business of transportation services. We also established MingZhu Pengcheng in 2010 under the laws of the PRC to engage in the business of trucking services. Through MingZhu BVI and MingZhu HK, we own 100% of the equity interest of MingZhu Management, which is engaged in the business of transportation and supply chain management services.

A reorganization of our legal structure was completed in April 2018. On April 13, 2018, the former shareholders transferred their 100% ownership interest in MingZhu to MingZhu HK, which is 100% owned by the Company through MingZhu BVI. In consideration of such transfer, the Company issued 1,000 ordinary shares to the former shareholders of MingZhu. After the reorganization, the Company owns 100% equity interests of MingZhu BVI, MingZhu HK and MingZhu. The controlling shareholder of the Company is same as that of MingZhu prior to the reorganization. On December 31, 2021, the Company acquired 100% shares outstanding of Cheyi BVI. On March 18, 2022, the Company acquired 100% shares outstanding of Yinhua.

We operate our VATs business mainly through the VIEs in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of these contractual arrangements, we are considered the primary beneficiary of the VIEs for accounting purposes and consolidate their operating results in our financial statements under U.S. GAAP. Such a contractual relationship is not identical to owning such entities directly, and investors will own shares in a holding company with contracts with the VIEs and will not have any equity ownership of the VIEs themselves. The investors have purchased securities in the Company and the Company's operations are conducted by its subsidiaries and VIEs. Neither the investors in the holding company nor the holding company itself have an equity ownership in, direct foreign investment in, or control of, through such ownership or investment, the VIEs.

The VIE Agreements may not be as effective as direct ownership in providing us with control over the VIEs. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of the VIEs, which, in turn, could affect changes, subject to any applicable fiduciary obligations at the management level. However, under the VIE Agreements, as a legal matter, if the VIEs or its shareholders fail to perform their respective obligations under the VIE Agreements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce these VIE Agreements or we experience significant delays or other obstacles in the process of enforcing these VIE Agreements, we may not be able to exert effective control over the VIEs and may lose control over the assets owned by the VIEs. As a result, we may be unable to consolidate the VIEs in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

Furthermore, all of these VIE Agreements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC, and such VIE Agreements have not been tested in a court of law. The legal environment in the PRC is not as developed as in some other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce these VIE Agreements. In the event we are unable to enforce these VIE Agreements, we may not be able to exert effective control over the VIEs and we may be precluded from operating our business, which would have a material adverse effect on our financial condition and results of operations.

In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. Accordingly, it is uncertain whether we would be able to enforce the VIE Agreements in a court of law in China, either in an action directly in China or in seeking to enforce a foreign judgment in China. The costs of seeking to enforce such VIE Agreements could be substantial, and the outcome of such litigation might not result in us enforcing such VIE Agreements. If such VIE Agreements were not enforced, investors could see the value of their shares decrease in value or become worthless. Because we do not directly hold equity interests in the VIEs, we are subject to risks due to uncertainty of the interpretation and the application of the PRC laws and regulations, including, but not limited to, regulatory review of overseas listing of PRC companies through a special purpose vehicle, and the validity and enforcement of the VIE Agreements.

We are also subject to the risks of uncertainty about any future actions of the PRC government in this regard that could disallow the VIE structure, which would likely result in a material change in our operations and a complete hindrance of our ability to offer or continue to offer our securities to investors and the value of our shares may depreciate significantly or become worthless.

Liquor Alliance

The Alliance BVI, which is acquired by the Company on May 26, 2023, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Xiamen Alliance Management Consulting Co., Ltd. ("Alliance WFOE") entered with Xiamen Alliance Liquor Industry Group Co., Ltd. ("Liquor Alliance"), and its shareholders, the control and benefits of Liquor Alliance were accrued to us subject to the conditions that we have satisfied for consolidation of Liquor Alliance under U.S. GAAP. Such conditions include that (i) we control Liquor Alliance through power to govern the activities which most significantly impact Liquor Alliance's economic performance, (ii) we are contractually obligated to absorb losses of Liquor Alliance that could potentially be significant to Liquor Alliance, and (iii) we are entitled to receive benefits from Liquor Alliance that could potentially be significant to Liquor Alliance. We are regarded as the primary beneficiary of Liquor Alliance, and Liquor Alliance are treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Liquor Alliance in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

The Company believes that Liquor Alliance is considered a VIE under Accounting Codification Standards ("ASC") 810 "Consolidation", because the equity investors in Liquor Alliance no longer have the characteristics of a controlling financial interest, and the Company, through Alliance WFOE, is the primary beneficiary of Liquor Alliance and

controls Liquor Alliance's operations. Accordingly, Liquor Alliance has been consolidated as a deemed subsidiary into the Company as a reporting company under ASC 810.

As required by ASC 810-10, the Company performs a qualitative assessment to determine whether the Company is the primary beneficiary of Liquor Alliance which is identified as a VIE of the Company. A quality assessment begins with an understanding of the nature of the risks in the entity as well as the nature of the entity's activities including terms of the contracts entered into by the entity, ownership interests issued by the entity and the parties involved in the design of the entity. The Company's assessment of the involvement with Liquor Alliance reveals that the Company has the absolute power to direct the most significant activities that impact the economic performance of Liquor Alliance. Alliance WFOE is obligated to absorb a majority of the loss from Liquor Alliance activities and receive a majority of Liquor Alliance's expected residual returns. In addition, Liquor Alliance's shareholders have pledged their equity interest in Liquor Alliance to Liquor WFOE, irrevocably granted Alliance WFOE an exclusive option to purchase, to the extent permitted under PRC Law, all or part of the equity interests in Liquor Alliance and agreed to entrust all the rights to exercise their voting power to the person(s) appointed by Alliance WFOE. Under the accounting guidance, the Company is deemed to be the primary beneficiary of Liquor Alliance and the financial positions, the operating results and cash flows of Liquor Alliance and Liquor Alliance's subsidiaries are consolidated in the Company for financial reporting purposes.

The following is a summary of VIE Agreements by and among Liquor Alliance, a subsidiary of Alliance BVI, Alliance WFOE and the shareholders of Alliance BVI. Each of the VIE Agreements is described in detail below:

Master Exclusive Service Agreement

Under the Master Exclusive Service Agreement dated May 1, 2023, Alliance WFOE has agreed to provide the following services (among others) to Liquor Alliance:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;

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- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Liquor Alliance according to the need of business and capacity of the Alliance WFOE.

This agreement was effective from May 1, 2023 and will continue to be effective unless it is terminated by written notice of Alliance WFOE.

Business Cooperation Agreement

Under the Business Cooperation Agreement entered into by Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, all parties agreed that without obtaining Alliance WFOE's prior written consent, the Liquor Alliance and shareholders of Liquor Alliance shall cause each of Liquor Alliance not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Liquor Alliance and shareholders of Liquor Alliance shall cause Liquor Alliance to accept suggestions raised by Alliance WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Liquor Alliance and its subsidiaries and Liquor Alliance and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Liquor Alliance entered into an Equity Pledge Interest Agreement with Alliance WFOE, dated May 1, 2023. Under such equity pledge agreement, each of the shareholders of Liquor Alliance pledged its respective equity interest in Liquor Alliance to Alliance WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Liquor Alliance without the prior written consent of Alliance WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Alliance WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, the shareholders of Liquor Alliance granted Alliance WFOE or its designee an option to purchase all or a portion of their respective equity interest in Liquor Alliance for the RMB 1.

Each of shareholders of Liquor Alliance agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Liquor Alliance's equity interest to Liquor Alliance WFOE, if the shareholders obtain dividends, bonuses or residual property from Liquor Alliance, the shareholders shall transfer all the income (after tax) to Alliance WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Liquor Alliance have been acquired by Alliance WFOE or its designee, and upon the condition that Alliance WFOE and its subsidiaries, branches can engage in the business of Liquor Alliance legally.

Alliance WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Liquor Alliance and the shareholders of Liquor Alliance at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Liquor Alliance and its shareholders has no right to unilaterally terminate this agreement.

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Proxy Agreement

Under the Proxy Agreement among Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, each of the shareholders of Liquor Alliance has agreed to irrevocably entrust Alliance WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Liquor Alliance.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Alliance WFOE.

Letter of Confirmation and Undertaking

Each shareholder of Liquor Alliance had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Liquor Alliance confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Liquor Alliance held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Liquor Alliance will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on May 1, 2023.

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, effective on January 1, 2020. The Foreign Investment Law has a catch-all provision under the definition of "foreign investment" which includes investments made by foreign investors in China through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. In the event that the State Council in the future promulgates laws and regulations that deem investments made by foreign investors through contractual arrangements as "foreign investment," the Group's ability to use the contractual arrangements with its VIEs and the Group's ability to conduct business through the VIEs could be severely limited. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiary and VIE;
- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIE;
- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The Company's ability to conduct its liquor distribution business may be negatively affected if the PRC government was to carry out any aforementioned actions.

Yinhua

The Yinhua, which is acquired by the Company on March 14, 2022, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Zhejiang Caiyunlian Technology Co., Ltd. ("Yinhua WFOE") entered with Hainan Zhisheng Car Services Co., Ltd. ("Zhisheng"), and its shareholders, the control and benefits of Zhisheng were accrued to us subject to the conditions that we have satisfied for consolidation of Zhisheng under U.S. GAAP. Such conditions include that (i) we control Zhisheng through power to govern the activities which most significantly impact Zhisheng's economic performance, (ii) we are contractually obligated to absorb losses of Zhisheng that could potentially be significant to Zhisheng, and (iii) we are entitled to receive benefits from Zhisheng that could potentially be significant to Zhisheng. We are regarded as the primary beneficiary of Zhisheng, and Zhisheng is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Zhisheng in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

The following is a summary of VIE Agreements by and among Zhisheng, a subsidiary of Yinhua, Yinhua WFOE and the shareholders of Yinhua. Each of the VIE Agreements is described in detail below:

Master Exclusive Service Agreement

Under the Master Exclusive Service Agreement dated January 22, 2022, Yinhua WFOE has agreed to provide the following services (among others) to Zhisheng:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;
- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Zhisheng according to the need of business and capacity of the Yinhua WFOE.

Business Cooperation Agreement

Under the Exclusive Option Agreement entered into by Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, all parties agreed that without obtaining Yinhua WFOE's prior written consent, Zhisheng shall not, and each of the Zhisheng and shareholders of Zhisheng shall cause each of Zhisheng and its subsidiaries not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Zhisheng and shareholders of Zhisheng shall cause Zhisheng and its subsidiaries to accept suggestions raised by Yinhua WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Zhisheng and its subsidiaries and Zhisheng and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Zhisheng entered into an Equity Pledge Interest Agreement with Yinhua WFOE, dated January 22, 2022. Under such equity pledge agreement, each of the shareholders of Zhisheng pledged its respective equity interest in Zhisheng to Yinhua WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Zhisheng without the prior written consent of Yinhua WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Yinhua WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, the shareholders of Zhisheng granted Yinhua WFOE or its designee an option to purchase all or a portion of their respective equity interest in Zhisheng for the RMB 1.

Each of shareholders of Zhisheng agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Zhisheng's equity interest to Yinhua WFOE, if the shareholders obtain dividends, bonuses or residual property from Zhisheng, the shareholders shall transfer all the income (after tax) to Yinhua WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Zhisheng have been acquired by Yinhua WFOE or its designee, and upon the condition that Yinhua WFOE and its subsidiaries, branches can engage in the business of Zhisheng legally.

Yinhua WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Zhisheng and the shareholders of Zhisheng at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Zhisheng and its shareholders has no right to unilaterally terminate this agreement.

Proxy Agreement

Under the Proxy Agreement among Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, each of the shareholders of Zhisheng has agreed to irrevocably entrust Yinhua WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Zhisheng.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Yinhua WFOE.

Letter of Confirmation and Undertaking

Each shareholder of Zhisheng had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Zhisheng confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Zhisheng held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Zhisheng will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on January 22, 2022.

Consent Letter

Each spouse of shareholder of Zhisheng had signed a Consent letter. Under the Consent Letter, each spouse of shareholder of Zhisheng confirmed and agreed that the equity interest in the Zhisheng held by each shareholder of Zhisheng is her or his individual property not the joint property, which each shareholder of Zhisheng is entitled to dispose of on her or his own.

Feipeng BVI

The Feipeng BVI, which is acquired by the Company on December 21, 2022, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Shenzhen Feipeng Zongheng Supply Chain Management Co., Ltd. ("Feipeng WFOE") entered with Xinjiang Feipeng Logistics Co., Ltd. ("Feipeng"), and its shareholders, the control and benefits of Feipeng were accrued to us subject to the conditions that we have satisfied for consolidation of Feipeng under U.S. GAAP. Such conditions include that (i) we control Feipeng through power to govern the activities which most significantly impact Feipeng's economic performance, (ii) we are contractually obligated to absorb losses of Feipeng that could potentially be significant to Feipeng, and (iii) we are entitled to receive benefits from Feipeng that could potentially be significant to Feipeng. We are regarded as the primary beneficiary of Feipeng, and Feipeng is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Feipeng in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

The following is a summary of VIE Agreements by and among Feipeng, a subsidiary of Feipeng BVI, Feipeng WFOE and the shareholders of Feipeng BVI. Each of the VIE Agreements is described in detail below:

Master Exclusive Service Agreement

Under the Master Exclusive Service Agreement dated December 20, 2022, Feipeng WFOE has agreed to provide the following services (among others) to Feipeng:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;
- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Feipeng according to the need of business and capacity of the Feipeng WFOE.

This agreement was effective from December 20, 2022 and will continue to be effective unless it is terminated by written notice of Feipeng.

Business Cooperation Agreement

Under the Exclusive Option Agreement entered into by Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, all parties agreed that without obtaining Feipeng WFOE's prior written consent, Feipeng shall not, and each of the Feipeng and shareholders of Feipeng shall cause each of Feipeng and its subsidiaries not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Feipeng and shareholders of Feipeng shall cause Feipeng and its subsidiaries to accept suggestions raised by Feipeng WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Feipeng and its subsidiaries and Feipeng and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Feipeng entered into an Equity Pledge Interest Agreement with Feipeng WFOE, dated December 20, 2022. Under such equity pledge agreement, each of the shareholders of Feipeng pledged its respective equity interest in Feipeng to Feipeng WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Feipeng without the prior written consent of Feipeng WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Feipeng WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, the shareholders of Feipeng granted Feipeng WFOE or its designee an option to purchase all or a portion of their respective equity interest in Feipeng for the RMB 1.

Each of shareholders of Feipeng agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Feipeng's equity interest to Feipeng WFOE, if the shareholders obtain dividends, bonuses or residual property from Feipeng, the shareholders shall transfer all the income (after tax) to Feipeng WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Feipeng have been acquired by Feipeng WFOE or its designee, and upon the condition that Feipeng WFOE and its subsidiaries, branches can engage in the business of Feipeng legally.

Feipeng WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Feipeng and the shareholders of Feipeng at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Feipeng and its shareholders has no right to unilaterally terminate this agreement.

Proxy Agreement

Under the Proxy Agreement among Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, each of the shareholders of Feipeng has agreed to irrevocably entrust Feipeng WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Feipeng.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Feipeng WFOE.

Letter of Confirmation and Undertaking

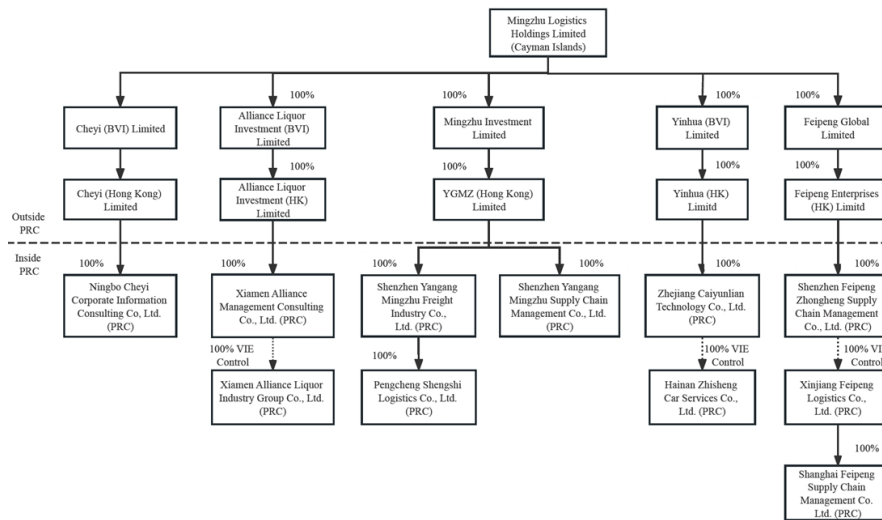
Each shareholder of Feipeng had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Feipeng confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Feipeng held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Feipeng will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on December 20, 2022.

Consent Letter

Each spouse of shareholder of Feipeng had signed a Consent letter. Under Consent Letter, each spouse of shareholder of Feipeng confirmed and agreed that the equity interest in the Feipeng held by each shareholder of Feipeng is her or his individual property not the joint property, which each shareholder of Feipeng is entitled to dispose of on her or his own.

Organizational Structure Chart

The following diagram illustrates our corporate structure as of the date of this annual report, including our subsidiaries and VIEs.



The investors have purchased securities in the Company and the Company's operations are conducted by its subsidiaries and VIEs. Alliance WFOE, Yinhua WFOE and Feipeng WFOE are wholly foreign-owned entities who receive the economic benefits of the VIEs' business operation.

4D. Property, Plants and Equipment

Our principal executive office is located at 27F, Yantian Modern Industry Service Center No. 3018 Shayan Road, Yantian District Shenzhen, Guangdong People's Republic of China, which has approximately 2,000 square meters of office space. We believe that our current offices are suitable and adequate to operate our business at this time. We do not own any real property.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with our consolidated financial statements, the notes to those financial statements and other financial data that appear elsewhere in this annual report. In addition to historical information, the following discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth in "Risk Factors" and elsewhere in this report. Our consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP").

5.A. Operating Results

Overview

General

The Company is not an operating company. It is a Cayman Islands holding company with its operations conducted through its subsidiaries in the PRC (the "Subsidiaries") and through contractual arrangements with its variable interest entity (the "VIEs"). We engaged in a number of diverse business activities, including trucking services, liquor distribution, and car owner services.

The following tables present selected condensed consolidated financial data of the Company and its subsidiaries and VIEs, separately, for the years ended December 31, 2023, 2022 and 2021, and balance sheet data as of December 31, 2023 and 2022, which have been derived from our audited consolidated financial statements for those periods. MingZhu records its investments in its subsidiaries under the equity method of accounting. Such investments are presented in the selected condensed consolidated balance sheets of the Company as "Investment in subsidiaries and VIEs" and the profit of the subsidiaries is presented as "(Loss) Income of Subsidiaries" in the selected condensed consolidated statements of income and comprehensive income.

Names shown in the following tables

	Entities	Business activities
The Company	Mingzhu Logistics Holdings Limited	Investment holdings
WFOE	Ningbo Cheyi Corporate Information Consulting Co., Ltd, Zhqiang Caiyunlian Technology Co. Ltd. and Shenzhen Feipeng Zongheng Supply Chain Management Co., Ltd., Xiamen Alliance Management Consulting Co., Ltd.	Investment holdings
Directly owned PRC subsidiaries	Combined and consolidated financial results of Shenzhen Yangang Mingzhu Freight Industry Co., Ltd, its subsidiaries and Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd.*	Trucking services
Other Subsidiaries	Combined and consolidated financial results of MingZhu Investment Limited, YGMZ (Hong Kong) Limited, Alliance Liquor Investment (BVI) Limited, Alliance Liquor Investment (HK) Limited, Yinhua (BVI) Limited, Cheyi (BVI) Limited, Cheyi (Hong Kong) Limited, Yinhua (HK)	Investment holdings

Limited, Feipeng Global Limited and Feipeng (HK) Limited**

VIEs	Consolidated financial results of Hainan Zhisheng Automobile Services Co., Ltd., and Xinjiang Feipeng Logistics Co., Ltd., Xiamen Alliance Liquor Industry Group Co., Ltd.	Liquor distribution, car owner services and regional trucking services
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* We consolidate financial results of the Shenzhen Yangang Mingzhu Freight Industry Co., Ltd and its subsidiaries, and then combine it with financial results of the Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd..

** We consolidate financial results of the Mingzhu Investment Limited and YGMZ (Hong Kong) Limited and then combine it with the consolidated financial results of Alliance BVI, Cheyi (Hong Kong) Limited, Yinhua (BVI), Yinhua (HK) Limited, Feipeng Global Limited and Feipeng (HK) Limited.

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SELECTED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the Year Ended December 31, 2023							
	The Company	WFOE	Directly owned PRC subsidiaries	Other Subsidiaries	VIEs	Eliminations	Total
REVENUES	\$ -	\$ -	\$ 24,626,057	\$ -	\$ 64,376,185	\$ -	\$ 89,002,243
NET INCOME	\$ (503,937)	\$ -	\$ 185,923	\$ (302,206)	\$ 985,311	\$ -	\$ 365,091

For the Year Ended December 31, 2022							
	The Company	WFOE	Directly owned PRC subsidiaries	Other Subsidiaries	VIEs	Eliminations	Total
REVENUES	\$ -	\$ -	\$ 36,461,921	\$ -	\$ 27,053,150	\$ -	\$ 63,515,071
NET (LOSS) INCOME	\$ (429,246)	\$ -	\$ 276,020	\$ (438,108)	\$ 533,007	\$ -	\$ (58,327)

For the Year Ended December 31, 2021							
	The Company	WFOE	Directly owned PRC subsidiaries	Other Subsidiaries	VIEs	Eliminations	Total
REVENUES	\$ -	\$ -	\$ 17,358,914	\$ -	\$ -	\$ -	\$ 17,358,914
NET (LOSS) INCOME	\$ (447,929)	\$ -	\$ 183,931	\$ (674,415)	\$ -	\$ -	\$ (938,413)

SELECTED CONDENSED CONSOLIDATED BALANCE SHEETS

As of December 31, 2023							
	The Company	WFOE	Directly owned PRC subsidiaries	Other subsidiaries	VIEs	Eliminations	Total
Cash	\$ 1,047,028	\$ -	\$ 59,941	\$ 123,548	\$ 2,445,865	\$ -	\$ 3,676,382
Total current assets	\$ 15,429,840	\$ -	\$ 36,917,717	\$ 8,961,170	\$ 45,762,930	\$ (23,229,894)	\$ 83,841,763
Investments in subsidiaries and VIEs	\$ 45,909,984	\$ -	\$ -	\$ -	\$ -	\$ (45,909,984)	\$ -
Total non-current assets	\$ 45,909,984	\$ -	\$ 994,468	\$ 5,516,783	\$ 1,408,480	\$ (10,317,176)	\$ 43,512,539
Total assets	\$ 61,339,824	\$ -	\$ 37,912,186	\$ 14,477,953	\$ 47,171,410	\$ (33,547,070)	\$ 127,354,302
Total liabilities	\$ 16,782,871	\$ -	\$ 34,203,235	\$ 14,767,862	\$ 41,467,124	\$ (24,423,743)	\$ 82,797,349
Total shareholders' equity	\$ 44,556,953	\$ -	\$ 3,708,951	\$ (289,909)	\$ 5,704,286	\$ (9,123,328)	\$ 44,556,953
Total liabilities and shareholders' equity	\$ 61,339,824	\$ -	\$ 37,912,186	\$ 14,477,953	\$ 47,171,410	\$ (33,547,071)	\$ 127,354,302

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As of December 31, 2022							
	The Company	WFOE	Directly owned PRC subsidiaries	Other subsidiaries	VIEs	Eliminations	Total
Cash and cash equivalents	\$ 1,139,015	\$ -	\$ 283,606	\$ 328,260	\$ 2,102,587	\$ -	\$ 3,853,468
Total current assets	\$ 15,441,671	\$ -	\$ 32,283,567	\$ 9,178,325	\$ 22,373,525	\$ (13,026,703)	\$ 66,250,385
Investments in subsidiaries and VIEs	\$ 43,791,004	\$ -	\$ -	\$ -	\$ -	\$ (43,791,004)	\$ -
Total non-current assets	\$ 54,158,108	\$ -	\$ 1,336,314	\$ 5,516,783	\$ 749,005	\$ (30,711,310)	\$ 31,048,900
Total assets	\$ 69,599,779	\$ -	\$ 34,154,986	\$ 14,695,107	\$ 23,122,530	\$ (44,273,117)	\$ 97,299,285
Total liabilities	\$ 21,497,787	\$ -	\$ 23,284,935	\$ 14,688,710	\$ 17,292,029	\$ (27,566,168)	\$ 49,197,293
Total shareholders' equity	\$ 48,101,992	\$ -	\$ 10,870,051	\$ 6,398	\$ 5,830,501	\$ (16,706,950)	\$ 48,101,992
Total liabilities and shareholders' equity	\$ 69,599,779	\$ -	\$ 34,154,986	\$ 14,695,107	\$ 23,122,530	\$ (44,273,117)	\$ 97,299,285

SELECTED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2023						
	The Company	WFOE	Directly owned PRC subsidiaries	Other subsidiaries	VIEs	Total

Net cash (used in) provided by operating activities	\$ (503,937)	\$ -	\$ (969,306)	\$ (303,230)	\$ (10,574,884)	\$ -	\$ (12,351,357)
Net cash used in investing activities	\$ -	\$ -	\$ 41,660	\$ -	\$ 48,290	\$ -	\$ 89,950)
Net cash provided by (used in) financing activities	\$ 498,401	\$ -	\$ 711,568	\$ 99,516	\$ 10,728,276	\$ -	\$ 12,037,761
Effect of exchange rate change on cash	\$ (86,450)	\$ -	\$ (7,603)	\$ (993)	\$ 141,770	\$ -	\$ 46,724
Cash and cash equivalents at beginning of the period	\$ 1,139,014	\$ -	\$ 283,622	\$ 328,254	\$ 2,102,415	\$ -	\$ 3,853,305
Cash and cash equivalents at beginning of the period	\$ 1,047,028	\$ -	\$ 59,941	\$ 123,547	\$ 2,445,866	\$ -	\$ 3,676,382

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For the year ended December 31, 2022							
	The Company	WFOE	Directly owned PRC subsidiaries	Other subsidiaries	VIEs	Eliminations	Total
Net cash (used in) provided by operating activities	\$ (2,154,421)	\$ -	\$ 70,917	\$ (435,065)	\$ (4,010,768)	\$ -	\$ (6,662,829)
Net cash used in investing activities	\$ -	\$ -	\$ 12,663	\$ -	\$ 2,714,240	\$ -	\$ 2,726,903
Net cash provided by (used in) financing activities	\$ 214,389	\$ -	\$ (200,943)	\$ -	\$ 2,872,116	\$ -	\$ 2,885,562
Effect of exchange rate change on cash	\$ -	\$ -	\$ (29,893)	\$ (1,809)	\$ 725,125	\$ -	\$ 693,423
Cash and cash equivalents at beginning of the period	\$ 3,079,046	\$ -	\$ 430,878	\$ 765,128	\$ (64,806)	\$ -	\$ 4,210,246
Cash and cash equivalents at beginning of the period	\$ 1,139,014	\$ -	\$ 283,622	\$ 328,254	\$ 2,102,415	\$ -	\$ 3,853,305

For the year ended December 31, 2021							
	The Company	WFOE	Directly owned PRC subsidiaries	Other subsidiaries	VIEs	Eliminations	Total
Net cash (used in) provided by operating activities	\$ (4,848,590)	\$ -	\$ (1,415,069)	\$ (17,520,503)	\$ 4,667,462	\$ (4,667,462)	\$ (23,784,162)
Net cash (used in) provided by investing activities	\$ -	\$ -	\$ (199,481)	\$ -	\$ -	\$ 1,477,065	\$ 1,277,584
Net cash provided by (used in) financing activities	\$ 7,908,316	\$ -	\$ (216,622)	\$ 8,972,853	\$ (3,588,863)	\$ 3,588,863	\$ 16,664,547
Effect of exchange rate change on cash	\$ 2,444	\$ -	\$ 228,099	\$ (242,020)	\$ 67,423	\$ (67,423)	\$ (11,477)
Cash, cash equivalents and restricted cash at end of the period	\$ 16,876	\$ -	\$ 2,033,951	\$ 9,554,798	\$ 331,043	\$ (331,043)	\$ 11,605,625
Cash and cash equivalents at end of the period	\$ 3,079,046	\$ -	\$ 430,878	\$ 765,128	\$ 1,477,065	\$ -	\$ 5,752,117

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On October 21, 2020, we completed our firm commitment initial public offering of 3,000,000 ordinary shares at a public offering price of US\$4.00 per share, for total gross proceeds of US\$12 million, before deducting underwriting discounts, commissions and other related expenses. Our ordinary shares began trading on The Nasdaq Capital Market on October 21, 2020 under the symbol "YGMZ".

On October 30, 2020, the underwriter and sole book-runner of our underwritten initial public offering, exercised the partial over-allotment option and purchased an additional 350,000 ordinary shares of the Company at the initial public offering price of US\$4.00 per share.

On December 4, 2020, the underwriter and sole book-runner of our underwritten initial public offering, further exercised the partial over-allotment option and purchased an additional 4,040 ordinary shares of the Company at the initial public offering price of US\$4.00 per share.

On March 12, 2021, the Company closed a registered direct public offering of 3,333,335 Units, with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share. The Company sold the Units at a price of \$6.00 per Unit. The Company received gross proceeds from the Offering, before deducting estimated offering expenses payable by the Company, of approximately \$18,000,000.

On April 21, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 214,286 ordinary shares of the Company with no cash in consideration.

On June 14, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 43,616 ordinary shares of the Company with no cash in consideration.

On December 29, 2021, we entered into a Share Purchase Agreement with Cheyi BVI which operates its business through Cheyi Network, an integrated online car-hailing and driver management services company, and each of shareholders of Cheyi BVI.

Pursuant to the agreement, the total consideration for the acquisition of 100% equity ownership of Cheyi BVI is an aggregate of \$23,470,712, consisting of the issuance by the Company to the shareholders of Cheyi BVI an aggregate of 3,189,000 Company's ordinary shares (representing \$6,760,680 with \$2.12 per ordinary share) and payment of \$2,000,000 at closing, and Year-2021 earnout payment of \$8,826,019 and Year-2022 earnout payment of \$5,884,013 if Cheyi BVI's audited net income for its fiscal year 2021 and 2022 is no less than U.S. \$3,000,000 respectively. The two earnout payments are due 13 months upon the delivery of Cheyi BVI's audited financial statements.

Cheyi Network was established in December 2015 as a comprehensive automobile service platform, providing a full range of services to the automotive industry. Cheyi Network has built an integrated business platform with more than 6,000 vehicles and drivers for ride hailing services under management. Its vehicles and drivers provide services to major mobility technology platforms, such as SAIC Mobility and T3 Mobility. The acquisition is expected to offer our customers additional platform enhancements, and directly fits with our acquisition strategy, which includes adding financially accretive, best-of-breed companies and products.

On December 31, 2021, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% shares outstanding of the Cheyi BVI, and we issued 3,189,000 ordinary shares and paid \$2,000,000 to the sellers.

On March 14, 2022, we entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua.

Under terms of the share purchase agreement, we agreed to pay \$10,076,600 in exchange for 100% of the equity of Yinhua. Of the total consideration to be paid, \$7,078,100 was paid in the form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share, and \$1,000,000 in cash upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022.

Founded in 2018, Yinhua provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Yinhua develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares outstanding of the Yinhua, and we issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

On December 21, 2022, we entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, we acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

On May 26, 2023, we entered into a Share Purchase Agreement with Liquor Alliance Investment (BVI) Limited ("Alliance BVI") which operates its liquor distribution business through its variable interest entity Xiamen Alliance Liquor Industry Group Co., Ltd. (formerly known as Guizhou Minzusheng Liquor Co., Ltd.) in China, and each of the shareholders of the Alliance BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, we acquired 100% of Alliance BVI for approximately \$16,084,180, of which 4,569,095 ordinary shares was issued upon closing. Alliance BVI shall receive cash in the amount of \$8,042,090 if it achieves a targeted net income of US\$2.0 million during the fiscal year of 2023.

Recent Developments

On April 16, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), pursuant to which two accredited investors agreed to purchase an aggregate of 5,000,000 ordinary shares (the "Shares"), par value \$0.001 per share, for an aggregate purchase price of \$2,000,000, representing a purchase price of \$0.40 per Share (the "Financing"). The Purchase Agreement contains customary representations and warranties by the Company and customary closing conditions. On April 17, 2024, the Company closed the Financing. At the closing, the Company received gross proceeds of \$2,000,000 in the aggregate, in exchange for the issuance of the Shares. The issuance of the Shares was exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

On March 30, 2024, a 2024 Incentive Plan is being filed by the Company in accordance with the requirements of Form S-8 in order to register 5,000,000 ordinary shares, par value of \$0.001 ("Ordinary Shares") of the Company issuable pursuant to the 2024 incentive equity plan of the Company (the "2024 Incentive Plan") adopted by the Board of Directors of the Company.

The Company has 37,106,322 ordinary shares outstanding as of the date of this annual report.

Important Factors Affecting our Results of Operations and Existing Trends

Our performance of operations and financial conditions have been, and are expected to continue to be, affected by a number of factors, including macroeconomic conditions, major customers demand, collectability of accounts receivable and timing of collection, regulations and seasonality, many of which may be beyond our control.

Major Customers Demand

During the years ended December 31, 2023, 2022 and 2021, sales to our top five customers accounted for approximately 55.8%, 31.4% and 49.4%, respectively. Our service agreements with our customers have an expected length of one year or less. While certain service agreements contain options of renewal, there is no assurance that our major customers will continue their business relationship with us, or the revenue generated from dealings with them will be maintained or increased in the future. If we are unable to renew the service agreements with our existing customers, or there is a reduction or cessation of demands from these customers for whatever reasons and we are unable to enter into new service agreements of comparable size or on similar terms in substitution, our business, financial conditions and results of operation may be materially and adversely affected.

Collectability and Timing of Collection of Accounts Receivable

Our cash flows depend on the timely receipt of payments from our customers. There is no assurance that our customers will pay us on time and in full. Should we experience any unexpected delay or difficulty in collecting accounts receivable from our customers, our operating results and financial condition may be adversely affected.

Regulations

In recent years, the government has issued many supportive policies to encourage the development of the transportation industry in Guangdong and Xinjiang which are our two main markets. Encouraged by those policies, the transportation industry is expected to become more standardized and modernized. The trucking service market which is a subset of the transportation industry is likely to evolve along with the development of transportation industry.

Seasonality

For our customers that are logistic companies, the routes and schedules that have been contracted with us are generally scheduled and regular and remain unchanged throughout the contract period. If our customers experience sudden spikes in demand for trucking services, they may seek other service providers instead of changing the terms of our trucking services.

In general, demand for our trucking services has been observed to be higher in June, November and December each year due to the sales campaigns organized by various online shopping platforms. To meet the demand in peak seasons, we extend our hours of operation each day during these months. Despite peak demand seasons being observed in the consumer goods industry, the business's dedicated trucking services ensure a level of stability in our operations and therefore our directors feel that seasonality do not have major impact to the business' overall revenue and business operations.

For liquor distribution and car-owner services, there is no significant impact found as due to seasonality.

Level of Income Tax and Preferential Tax Treatment

Cayman Islands

The Company was incorporated in the Cayman Islands and is not subject to tax on income or capital gains under the laws of Cayman Islands. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

MingZhu BVI, Alliance BVI, Yinhua and Feipeng BVI are incorporated in the British Virgin Islands and are not subject to tax on income or capital gains under current British Virgin Islands law. In addition, upon payments of dividends by these entities to their shareholders, no British Virgin Islands withholding tax will be imposed.

Hong Kong

MingZhu HK, Alliance HK, Yinhua (HK) Limited and Feipeng Enterprises (HK) Limited are incorporated in Hong Kong and are subject to Hong Kong Profits Tax on the taxable income as reported in their statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax law, MingZhu HK, Cheyi (Hong Kong) Limited, Yinhua (HK) Limited and Feipeng Enterprises (HK) Limited are exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

The Company PRC subsidiaries are governed by the income tax laws of the PRC and the income tax provision in respect to operations in the PRC is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Enterprise Income Tax Laws of the PRC (the "EIT Laws"), Chinese enterprises are subject to income tax at a rate of 25% after appropriate tax adjustments.

The Ministry of Finance ("MOF") and State Administration of Taxation ("SAT") on March 14, 2022 jointly issued Cai Shui 2022 No. 13. This clarified that from January 1, 2022 to December 31, 2024, eligible small enterprises whose first RMB 1,000,000 of annual taxable income is eligible for 75% reduction on a rate of 20% (i.e., effective rate is 5%) and the income between RMB 1,000,000 and RMB 3,000,000 is eligible for 50% reduction on a rate of 20% (i.e. effective rate is 10%).

Foreign Currency Translation

Our financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiaries is RMB. Our results of operations are translated at average exchange rates during the relevant financial reporting periods, assets and liabilities are translated at the unified exchange rate at the end of these periods and equity is translated at historical exchange rates. Adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive income.

Description of Selected Income Statement Items

Revenues. We generate revenue from our trucking service business, liquor distribution and car owner services.

Cost and expenses. Cost and expenses include all operational costs and expenses.

Other (Expenses) Income. Our other income and expenses primarily consisted of net rental income from renting out spare office space and property, interest expenses and others.

Provision for income tax. Tax at a rate of 25% after appropriate tax adjustments.

For the Years Ended December 31, 2023 and 2022

The discussion of our results of operations for the years ended December 31, 2023 and 2022 that follows is stated on a total company consolidated basis and excludes the impact of discontinued operations.

Results of Operations

The following table summarizes the results of our operations for the year ended December 31, 2023 and 2022, respectively, and provides information regarding the dollar

and percentage increase or (decrease) during such periods.

	For the year ended December 31		Change	Change (%)
	2023	2022		
REVENUES	\$ 89,002,243	\$ 63,515,071	\$ 25,487,172	40.1
COSTS AND EXPENSES				
Costs of trucking services	66,540,754	34,789,989	31,750,765	91.3
Costs of liquor distributions	48,238	-	48,238	n/a
Costs of car owner services	19,339,145	26,009,485	(6,670,340)	(25.6)
General and administrative expenses	1,865,856	2,706,303	(840,447)	(31.1)
Sales and marketing expenses	359,352	109,346	250,006	228.6
Total costs and expenses	88,153,345	63,615,123	24,538,222	38.6
INCOMEX (LOSS) FROM OPERATIONS	848,898	(100,052)	948,950	n/a
OTHER (EXPENSES) INCOME				
Interest expenses	(450,323)	(789,306)	338,983	(42.9)
Other expenses	(33,372)	(45,522)	12,150	(26.7)
Other income	268,454	1,102,722	(834,268)	(75.7)
Total other (expenses) Income, net	(215,240)	267,894	(483,134)	(180.3)
INCOME (LOSS) BEFORE INCOME TAXES	633,658	167,842	(131,266)	(78.2)
PROVISION FOR INCOME TAXES	268,567	226,169	(30,417)	(13.4)
NET INCOME (LOSS)	\$ 365,091	\$ (58,327)	\$ (100,850)	n/a

Revenues

Our operations are primarily based in the PRC, where we derive all of revenues. We engaged in a number of diverse business activities, including trucking services, car owner services and liquor distribution. On December 30, 2023, we terminated the VIE agreement with Cheyi Network. Total revenues for continued operations increased by \$25,487,172, or 40.1%, to \$89,002,243 for the year ended December 31, 2023 as compared to \$63,515,071 for the year ended December 31, 2022. This increase was attributable to the acquisition of certain subsidiaries and VIEs in 2023 and 2022.

Disaggregated information of revenues derived from continued operations by types of services provided are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022	Change	Change (%)
Revenue				
Trucking services	\$ 68,400,751	\$ 36,461,922	\$ 31,938,830	87.6%
Car owner services	19,447,401	27,053,149	(7,605,748)	-28.1%
Liquor distribution services	1,154,091	-	1,154,091	n/a
Total revenue	\$ 89,002,243	\$ 63,515,071	\$ 25,487,173	40.1%

Cost and Expenses

Total costs and expenses from continued operations increased by \$24,538,222, or 38.6%, to \$88,153,345 for the year ended December 31, 2023 as compared to \$63,615,123 for the year ended December 31, 2022. This increase was attributable to the acquisition of certain subsidiaries and VIEs in 2023 and 2022.

Gross Profit and Gross Margin

Our gross profit is equal to the difference between our revenues and our costs of different services provided. Our gross profit from continued operations increased by 13.2% to \$3,074,106 during the year ended December 31, 2023, from \$2,715,597 for the same period in 2022. For the years ended December 31, 2023 and 2022, our gross margin from continued operations was 3.5% and 4.3%, respectively. The increase of gross margin was primarily due to the acquisition of Liquor Alliance which has relatively higher gross margin.

Net Income (Loss)

As a result of the foregoing, our net income from continued operations totaled approximately \$365,091 for the year ended December 31, 2023, as compared to a net loss of approximately \$58,327 for the year ended December 31, 2022, representing an increase of \$423,418.

For the Years Ended December 31, 2022 and 2021

The discussion of our results of operations for the years ended December 31, 2022 and 2021 that follows is stated on a total company consolidated basis and includes the impact of discontinued operations.

Results of Operations

The following table summarizes the results of our operations for the year ended December 31, 2022 and 2021, respectively, and provides information regarding the dollar and percentage increase or (decrease) during such periods.

	For the year ended December 31		Change	Change (%)
	2022	2021		

REVENUES	\$ 114,073,803	\$ 17,358,914	\$ 96,714,889	557.1
COSTS AND EXPENSES				
Costs of trucking services	34,789,989	15,428,131	19,361,858	125.5
Costs of rental services	43,966,881	-	43,966,881	N/A
Costs of car owner services	26,009,485	-	26,009,485	N/A
General and administrative expenses	5,646,443	2,050,954	3,595,489	175.3
Sales and marketing expenses	784,653	367,633	417,020	113.4
Total costs and expenses	111,197,451	17,846,718	93,350,733	523.1
INCOMEX (LOSS) FROM OPERATIONS	2,876,352	(487,804)	3,364,156	N/A
OTHER (EXPENSES) INCOME				
Interest expenses	(1,430,978)	(396,188)	(1,034,790)	261.2
Other expenses	(927,568)	(360,032)	(567,536)	157.6
Other income	1,908,424	441,025	1,467,399	332.7
Total other (expenses) Income, net	(450,122)	(315,195)	(134,927)	42.8
INCOME (LOSS) BEFORE INCOME TAXES	2,426,230	(802,999)	3,229,229	N/A
PROVISION FOR INCOME TAXES	530,042	135,414	394,628	291.4
NET INCOME (LOSS)	\$ 1,896,188	\$ (938,413)	\$ 2,834,601	N/A

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Revenues

Our operations are primarily based in the PRC, where we derive all of revenues. We engaged in a number of diverse business activities, including trucking services, car-hailing and driver management services, and car owner services. Total revenues increased by \$96,714,889, or 557.1%, to \$114,073,803 for the year ended December 31, 2022 as compared to \$17,358,914 for the year ended December 31, 2021. This increase was attributable to the acquisition of certain subsidiaries and VIEs in 2022. Revenues generated from our trucking services are increased by 110% as we introduced more customers during 2022.

Disaggregated information of revenues by types of services provided are as follows:

	2022	2021
Trucking services	\$ 36,461,921	\$ 17,358,914
Car-hailing and driver management services	50,558,733	-
Car owner services	27,053,149	-
Total revenues	<u>\$ 114,073,803</u>	<u>\$ 17,358,914</u>

Cost and Expenses

Total costs and expenses increased by \$93,350,733, or 523.1%, to \$111,197,451 for the year ended December 31, 2022 as compared to \$17,382,139 for the year ended December 31, 2021. This increase was attributable to the acquisition of certain subsidiaries and VIEs in 2022.

Gross Profit and Gross Margin

Our gross profit is equal to the difference between our revenues and our costs of different services provided. Our gross profit decreased 382.1% to \$9,307,448 during the year ended December 31, 2022, from \$1,930,783 for the same period in 2021. For the years ended December 31, 2022 and 2021, our gross margin was 11.1% and 8.2%, respectively. The decrease of gross margin was primarily due to the acquisition of VIEs which has relatively lower gross margin.

Net Income (Loss)

As a result of the foregoing, our net income totaled approximately \$1,896,188 for the year ended December 31, 2022, as compared to a net loss of approximately \$938,413 for the year ended December 31, 2021, representing a increase of \$2,834,601.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with the United States generally accepted accounting principles requires our management to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes to that, and related disclosures of commitments contingencies, if any.

We consider our critical accounting policies to require the more significant judgments and estimates in preparing financial statements, including those outlined in Note 2 to the financial statements included herein.

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The Company has evaluated the timing and the impact of the guidance above on the financial statements.

As of December 31, 2022, there were no other recently issued accounting standards not yet adopted that would or could have a material effect on the Company's consolidated financial statements.

5.B. Liquidity and Capital Resources

The discussion of our liquidity and capital resources for the years ended December 31, 2023 and 2022 that follows is stated on a total company consolidated basis and

excludes the impact of discontinued operations.

Our business requires substantial amounts of cash to cover operating expenses as well as to fund capital expenditures, working capital changes, principal and interest payments on our obligations, lease payments, to support tax payments when we generate taxable income. Recently, we have financed our capital requirements with borrowings under our existing term loan facility, borrowings under our existing revolving credit facility, cash flows from operating activities, direct equipment financing, operating leases and proceeds from equipment sales.

For the year ended December 31, 2022, we had a cash flow used in operating activities of \$6,662,829 as compared to a cash used in operating activities of \$12,351,357 for the year ended December 31, 2023. As of December 31, 2023, and 2022, we had cash in the amount of \$3,676,382 and \$3,853,305, respectively, and our working capital was \$1,165,502 and \$18,465,086, respectively. The decrease of \$17,299,584 in working capital was mainly due to the termination of VIE during year 2023.

The following summarizes the amounts of cash disaggregated by currency denomination as of December 31, 2023 and 2022, separately in each jurisdiction in which our affiliated entities are domiciled.

Cash held as of December 31, 2023				
	USD	HKD	RMB	Total in USD
Cayman	\$ 1,032,488	\$ 14,540	\$ -	\$ 1,047,028
BVI	\$ 203	\$ 8,898	\$ -	\$ 9,101
Hong Kong	\$ 61,610	\$ 5,043	\$ 47,794	\$ 114,447
PRC - subsidiaries	\$ -	\$ -	\$ 59,941	\$ 59,941
PRC - VIEs	\$ -	\$ -	\$ 2,445,865	\$ 2,445,865
Total	\$ 1,094,301	\$ 28,481	\$ 2,553,600	\$ 3,676,382

Cash held as of December 31, 2022				
	USD	HKD	RMB	Total in USD
Cayman	\$ 1,123,511	\$ 15,504	\$ -	\$ 1,139,015
BVI	\$ 9,846	\$ 284	\$ -	\$ 10,130
Hong Kong	\$ 262,959	\$ 3,958	\$ 51,212	\$ 318,129
PRC - subsidiaries	\$ -	\$ -	\$ 283,606	\$ 283,606
PRC - VIEs	\$ -	\$ -	\$ 2,102,588	\$ 2,102,588
Total	\$ 1,396,316	\$ 19,746	\$ 4,271,249	\$ 3,853,468

We believe the Company's revenues and operations will continue to grow and the current working capital is sufficient to support its operations and debt obligations as they mostly become due one year from the date of this annual report. However, we may need additional cash resources in the future if we experience changed business conditions or other developments and may also need additional cash resources in the future if we wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions. If it is determined that the cash requirements exceed our amounts of cash on hand, we may seek to issue debt or equity securities or obtain a credit facility.

For the Year ended December 31, 2023 and 2022

The following summarizes the key components of our cash flows for the year ended December 31, 2023 and 2022:

Operating Activities

Net cash used in operating activities was \$12,351,357 for the year ended December 31, 2023 and was primarily attributable to (i) net income from continuing operations of \$365,091, (ii) various non-cash item of \$151,681 including gain on disposal of vehicles, provision for doubtful accounts, amortization of deferred financing fees, depreciation for plant and equipment and deferred tax benefit, (iii) a \$15,080,021 increase in accounts receivable, (iv) a \$8,861,530 increase in prepayments, (v) a \$89,881 increase in other receivables, (vi) a \$3,040,646 increase in loans receivables and (vii) a \$109,648 decrease in tax payables. This net cash outflow is partially offset by (i) a \$77,456 decrease of deposits, (ii) a \$11,118,176 increase in accounts payable, and (iii) a \$3,117,965 increase in other payables and accrued liabilities.

For the year ended December 31, 2023, we had a cash flow used in operating activities of \$12,351,357 as compared to a cash used in operating activities of \$6,662,829 for the year ended December 31, 2022. The change was mainly contributable to the increase of accounts receivable.

Investing Activities

Net cash provided by investing activities was \$89,950 for the year ended December 31, 2023 and was mainly attributable to the proceeds from disposal of equipment. As compared to the cash used in investing of \$2,726,903 for the year ended December 31, 2022, the decrease of \$2,636,953 or 96.7% was largely due to the acquisition of subsidiary in December 2022.

Financing Activities

Net cash provided by financing activities was \$12,037,761 for year ended December 31, 2023 and was primarily attributable to (i) the proceeds from short-term bank borrowings of \$2,896,570, (ii) the proceeds from long-term borrowings of \$242,864, (iii) proceeds from other financial institutions 14,290,807 and (iv) the amounts advanced from related parties of \$3,672,219. This cash inflow was offset by (i) repayments of short-term bank borrowings of \$5,178,651, (ii) repayments of long-term bank borrowings of \$547,485, (iii) repayments of loans from other financial institutions of \$1,250,461, (iv) repayments of obligations under capital leases of \$40,151, and (v) repayments to related parties of \$2,047,951.

In comparison with the cash provided by financing activities of \$12,037,761 for the year ended December 31, 2023, we had a cash inflow from financing activities of \$2,885,562 for the year ended December 31, 2022. The difference was resulting from the decreased payments in short-term bank borrowings.

Cash Flows

For the Year ended December 31, 2022 and 2021

The discussion of our cash flow for the years ended December 31, 2022 and 2021 that follows is stated on a total company consolidated basis and includes the impact of discontinued operations.

The following summarizes the key components of our cash flows for the year ended December 31, 2022 and 2021:

	For the Year ended December 31,	
	2022	2021
Net cash used in operating activities	\$ (3,953,955)	\$ (23,784,162)
Net cash provided by investing activities	2,726,903	1,277,584
Net cash provided by financing activities	793,257	16,664,547
Effect of exchange rate change on cash	368,989	(11,477)
Net (decrease) increase in cash	(64,806)	(5,853,508)
Cash and cash equivalents at beginning of the period	5,752,117	11,605,625
Cash and cash equivalents at end of the period	\$ 5,687,311	\$ 5,752,117

Operating Activities

Net cash used in operating activities was \$3,953,955 for the year ended December 31, 2022 and was primarily attributable to (i) net income of \$1,896,188, (ii) various non-cash item of \$7,245,753 including gain on disposal of vehicles, provision for doubtful accounts, amortization of deferred financing fees, depreciation for plant and equipment and deferred tax benefit, (iii) a \$ 4,678,337 decrease in prepayments, (iv) a 4,207,620 increase in accounts payable, (v) a \$7,531,718 decrease in other receivables and (vi) a \$1,342,620 increase in tax payables. This net cash inflow is partially offset by (i) a \$3,257,814 increase of accounts receivable, (ii) a \$1,313,871 increase of deposits, (iii) a \$16,621,319 increase in loans receivable and a \$7,766,999 decrease of other payables and accrued liabilities.

For the year ended December 31, 2022, we had a cash flow used in operating activities of \$3,953,955 as compared to a cash provided by operating activities of \$23,784,162 for the year ended December 31, 2021. The change was mainly contributable to the acquisition of VIEs in 2022.

Investing Activities

Net cash provided by investing activities was \$2,726,903 for the year ended December 31, 2022 and was mainly attributable to the acquisition of ownership of subsidiaries. As compared to the cash used in investing of \$1,277,584 for the year ended December 31, 2021, the increase was largely due to the transfer of ownership of a subsidiary in December 2021.

Financing Activities

Net cash provided by financing activities was \$793,257 for year ended December 31, 2022 and was primarily attributable to (i) repayments of short-term bank borrowings of \$18,631,203, (ii) repayments of long-term bank borrowings of \$92,594, (iii) repayments of loans from other financial institutions of \$136,492, (iv) repayments of obligations under capital leases of \$597,533, and (v) repayments to related parties of \$2,663,598. This cash outflow was offset by (i) the proceeds from short-term bank borrowings of \$21,212,202, (ii) the proceeds from long-term borrowings of \$444,345, (iii) the amounts advanced from related parties of \$1,258,130.

In comparison with the cash provided by financing activities of \$793,257 for the year ended December 31, 2022, we had a cash inflow from financing activities of \$16,664,547 for the year ended December 31, 2021. The difference was resulting from the proceeds of private placement received in 2021.

Dividends and Distributions

We may rely on dividends and other distributions on equity to be paid by our PRC subsidiaries and VIEs to fund our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. Currently, substantially all of our operations are in PRC.

Direct holding

If funds are required by the Company, the PRC subsidiaries will transfer the cash to MingZhu HK, Yinhua HK, Alliance HK and Feipeng HK in accordance with the laws and regulations of the PRC, and then MingZhu HK, Yinhua HK, Alliance HK and Feipeng HK will transfer the cash to the Company.

Contractual agreement

If funds are required by the Company, the VIEs will transfer the cash to corresponding WFOE, pursuant to the VIE agreements. WFOE will then transfer the cash to corresponding direct shareholders that are incorporated in Hong Kong in accordance with the laws and regulations of the PRC, and then corresponding direct shareholders will transfer the cash to the Company.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approval from or registration with appropriate government authorities is, however, required where the RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Current PRC regulations permit our PRC subsidiaries to pay dividends to the Company only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each such entity in China is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation.

For the years ended December 31, 2023, 2022, and 2021, the cash flows between the Company, the Company's subsidiaries, and the Company's VIEs, and direction of transfer are as follows:

	For the years ended December 31,		
	2023	2022	2021
Cash flows from the Company to the Company's subsidiaries	\$ -	\$ -	\$ 9,500,000
Cash flows from the Company to VIEs	\$ -	\$ -	\$ -
Cash flows from the MingZhu HK to PRC subsidiaries	\$ -	\$ -	\$ 8,224,143
Cash flows from the Company's subsidiaries to the Company	\$ -	\$ -	\$ 2,000
Cash flows from VIEs to the Company	\$ -	\$ -	\$ -
Cash flows from PRC subsidiaries to the MingZhu HK	\$ -	\$ -	\$ -

The detailed listing of each cash transferred and received for each entity during the periods presented as follows:

For the years ended December 31, 2021		
Date of transfer	Cash flow	USD
March 25, 2021	Transfer from Mingzhu Logistics Holdings Limited to YGMZ (Hong Kong) Limited	\$ 4,000,000
March 25, 2021	Transfer from Mingzhu Logistics Holdings Limited to YGMZ (Hong Kong) Limited	\$ 5,500,000
	Cash flows from the Company to the Company's subsidiaries	\$ 9,500,000
March 17, 2021	Transfer from YGMZ (Hong Kong) Limited to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	\$ 2,008,599
March 23, 2021	Transfer from YGMZ (Hong Kong) Limited to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	\$ 631,218
April 14, 2021	Transfer from YGMZ (Hong Kong) Limited to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	\$ 5,500,000
June 4, 2021	Transfer from YGMZ (Hong Kong) Limited to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	\$ 25,844
August 30, 2021	Transfer from YGMZ (Hong Kong) Limited to Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	\$ 58,482
	Cash flows from the MingZhu HK to PRC subsidiaries	\$ 8,224,143
March 30, 2021	Transfer from YGMZ (Hong Kong) Limited to Mingzhu Logistics Holdings Limited	\$ 1,000
March 21, 2021	Transfer from YGMZ (Hong Kong) Limited to Mingzhu Logistics Holdings Limited	\$ 1,000
	Cash flows from the Company's subsidiaries to the Company	\$ 2,000

There was no cash transfer between the VIEs and other entities.

Except for above cash flows, for the years ended December 31, 2023, 2022, and 2021, (1) no transfer of other assets has occurred among the Company, its subsidiaries, and the VIEs, (2) no dividends or distributions have been made by a subsidiary or the VIEs, and (3) the Company has not made any dividends or distributions to U.S. investors, respectively.

We intend to keep any future earnings to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future.

Adjusted Capital Expenditures

Capital expenditures are defined under GAAP as funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. To better understand our investment in acquisition and maintaining our revenue equipment, we use adjusted capital expenditures instead. The adjusted capital expenditures a non-GAAP financial measure that includes cash paid in relation to property and equipment acquired through the capital leases, and other financial liabilities. The adjusted capital expenditures sums up the cash we spent on (1) acquisition of new revenue equipment, and (2) the repayments of obligation under capital leases for revenue equipment during the reporting period. We had adjusted capital expenditures from the continuing operations of \$40,151, \$429,408 and \$298,453 for the years ended December 31, 2023, 2022 and 2021, respectively. We intend to fund our future adjusted capital expenditures with our existing cash balance and other financing alternatives. We will continue to make adjusted capital expenditures to support the growth of our business.

The table below shows the reconciliation of capital expenditures and adjusted capital expenditures from the continuing operations for the years ended December 31, 2023, 2022 and 2021.

	For the years ended December 31,		
	2023	2022	2021
Purchases of equipment disclosed as investing cash outflows in the statements of cash flow	\$ -	\$ 12,243	\$ 199,481
Capital expenditures from the continuing operations	\$ -	\$ 12,243	\$ 199,481
Repayments of obligations under capital leases disclosed as financing cash outflow in the statements of cash flow	\$ 40,151	\$ 417,165	\$ 98,972
Adjusted capital expenditures from the continuing operations	\$ 40,151	\$ 429,408	\$ 298,453

Contingencies

From time to time, the Company is party to certain legal proceedings, as well as certain asserted and unasserted claims. As of the date of this annual report, the Company has no material outstanding legal proceedings.

5.C. Research and Development, Patents and Licenses, etc.

See the discussion under the headings "Intellectual Property" in Item 4 above.

5.D. Trend Information

See discussion in Parts A and B of this item.

5.E. Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements including arrangements that would affect our liquidity, capital resources, market risk support and credit risk support or other benefits.

5.F. Tabular Disclosure of Contractual Obligations

As of December 31, 2023, the future minimum payments under certain of our contractual obligations were as follows:

Contractual obligations	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank Borrowings	\$ 7,321,917	\$ 6,819,180	\$ 121,088	\$ -	\$ -
Capital Lease Obligations	9,529	9,529	-	-	-
Loans from other institution	13,054,470	13,054,470	-	-	-
Total	\$ 20,385,916	\$ 19,883,179	\$ 121,088	\$ -	\$ -

G. Safe harbor

See "Forward-Looking Statements" at the beginning of this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report. Unless otherwise stated, the business address for our directors and executive officers is that of our principal executive offices at 27F, Yantian Modern Industry Service Center, No. 3018 Shayan Road, Yantian District, Shenzhen, Guangdong, China 518081.

Name	Age	Position with our company
Jinlong Yang	46	Chairman of the Board of Directors and Chief Executive Officer
Zhuo Wang	36	Director
Jingwei Zhang	35	Chief Financial Officer
Mikael Charette	43	Independent Director
Yuzhou Wang	43	Independent Director
To Wai Suen	49	Independent Director

Executive Officers and Directors

Jinlong Yang has served as our Chief Executive Officer and Chairman of our board of directors since April 2018 and the Executive Director and General Manager of MingZhu since August 2012. Mr. Yang has over ten years of experience in the transportation industry. He joined MingZhu as a sales manager in May 2009 and was subsequently promoted to the General Manager, Executive Director and legal representative of MingZhu. Prior to joining MingZhu, Mr. Yang served as an officer at the Exit and Entry Frontier Inspection Stations in Shenzhen, Guangdong, China. Mr. Yang holds a Bachelor of Law degree from the Party School of the Central Committee of the Communist Party of China. We believe Mr. Yang is well qualified to serve on our board of directors because of his extensive operating and management experience and knowledge in the transportation industry.

Zhuo Wang has served as our director since April 2018. Mr. Wang has more than ten years of experience in investment and management. Since March 2022, he serves as an independent director and member of the audit committee on Metal Sky Star Acquisition Corporation, a NASDAQ-listed SPAC company (MSSAU:US). Since June 2018, he has been the Marketing Manager of Springview Enterprises Private Limited, a Singapore construction design and building supply company. Since May 2017, Mr. Wang has also been serving as the managing director of China International Securities Limited, a Hong Kong based securities firm, overseeing the firm's brokerage services business operations and performance. Since March 2017, he has been serving as a director of China International Corporate Management Limited, a Hong Kong-based consulting firm that provides a range of business solutions to small and medium sized companies in Asia. Since April 2016, Mr. Wang has been serving as the Head of Finance and Operations of Shines International Limited, a management consultancy firm in Singapore specializing in education. Since October 2012, Mr. Wang has been serving as Head of Finance and Marketing of GGL Enterprises Pte. Ltd., a Singapore based firm that provides building external and interior designs, main contractor services and material supplies for major renovation and building works. In addition, Mr. Wang served as directors in the board of various companies, including Belvedere Ventures Pte Ltd, a real estate development and construction company, Sandhurst Global Pte Ltd., a security personnel staffing and systems company, and several holding companies. Mr. Wang holds a Bachelor of Science in Business Management from Babson College in Boston, Massachusetts. We believe Mr. Wang is well qualified to serve on our board of directors because of his experience in investment and management.

Jingwei Zhang has served as our Chief Financial Officer since April 2018. He has been serving as Financial Director of MingZhu since December 2016 where he oversees all aspects of financial control, manages yearly financial and inter-audits and provides financial, commercial and strategic support to the company. Since October 30, 2020 Mr. Zhang has served as the Director of Nantai International Inc. (OTC: NTAI), an online advertising platform. From May 2015 to November 2016, Mr. Zhang served as a corporate accountant of ERI Management, a management advisory firm in Singapore, where he reviewed clients' accounts to ensure regulatory and U.S. GAAP compliance, assisted clients on cost management and budgeting and provided tax-related consultancy to reduce clients' potential risks. From January 2014 to May 2015, Mr. Zhang served as an accountant at St. Plum-Blossom Press Pty. Ltd., a publisher in Melbourne, Australia, where he was responsible for bookkeeping and preparation of financial statements. Mr. Zhang holds a Bachelor of Business and Commerce in Accounting from Monash University in Melbourne, Australia and an Associates Degree in Business Administration from City University of Hong Kong.

Mikael Charette has served as our independent director since September 2020. He served as Vice Chairman and Director of the Canadian Chamber of Commerce in Shanghai between April 2019 and April 2021 where he represented the interest of the Canadian business community in Shanghai. Since April 2019, he has also served as the Vice President of Fung & Yu CPA Ltd., a Hong Kong based accounting firm serving clients in Greater China and overseas. Since May 2006, Mr. Charette has also been serving as the President of Frontier immigration Ltd. This assets-holding and managing company provides immigration and real estate services to high-net-worth individuals. For the periods from February 2005 to May 2006 and from January 2009 to December 2015, he served as a partner of HLG International law firm, where he built a successful immigration practice for high-

net-worth individuals and also represented clients in cross-border transactions and advised on market entry issues in China and other Asian countries. Mr. Charette holds a Master in Law degree from the City University of Hong Kong and a Juris Doctor degree from the University of Victoria in Victoria, Canada. We believe Mr. Charette is well qualified to serve on our board of directors because of his extensive experience with legal matters relating to cross-border transactions.

Yuzhou Wang has served as our independent director since August 2022. Mr. Wang has over 19 years of experience in finance and accounting. From September 2020 to current, Mr. Wang has served as the VP of the international financial department of Nanjing Xinjiekou Department Store Co., Ltd., d/b/a Cenbest, or Nanjing Cenbest Co. Ltd. (600682). From January 2019 to August 2020, Mr. Wang served as the CEO of Shanghai Yisheng Financial Consulting Ltd. From July 2014 to December 2018, Mr. Wang served as the VP of financial department of Nanjing Sanpower Group. From November 2010 to August 2014, Mr. Wang served as the VP of financial department of Zhengxing Wheel Group Co., Ltd. (NYSE: ZX). From September 2005 to October 2010, Mr. Wang served as an audit manager of Shanghai Deloitte Huayong Certified Public Accountants Co., Ltd.

To Wai Suen has served as our independent director since September 2020. Mr. Suen has over 18 years of experience in finance and accounting. He is currently an independent director of Neo-Concept International Group Holdings Ltd, a company listed on NASDAQ (stock code: NCI) since April 2024 and MingZhu Logistics Holdings Limited, a company also listed on NASDAQ (stock code: YGMZ) since September 2020. Also, he is an independent non-executive director of Huajin International Holdings Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 2738), since March 2023 and Huisen Household International Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2127), since December 2020. In addition, he served an independent non-executive director of CT Environmental Group Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 1363), from February 2018 to April 2019. From April 2018 to January 2022, Mr. Suen was also an independent director of China Zenix Auto International Limited (a company whose American depositary shares were previously listed on the New York Stock Exchange under the stock code "ZX" but was subsequently delisted in December 2018, and then was quoted on the over-the-counter markets under the stock code "ZXAIY" but was subsequently delisted in January 2022). Since February 2020, he has also served as an independent non-executive director of Ping An Securities Group (Holdings) Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 231) which was subsequently delisted in November 2022 and from January 2024 to March 2024, he was an independent director of J-Long Group Ltd, a company listed on NASDAQ (stock code: JL). Other than serving as an independent director, he served as the chief financial officer and company secretary of China Saite Group Company Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 153), from May 2015 to August 2016. In addition, he served as the company secretary to certain companies including IDT International Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 167), from January 2017 to April 2017, China Smarter Energy Group Holdings Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 1004), from February 2017 to April 2019, and Asia Energy Logistics Group Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 351), from July 2020 to April 2021, respectively. He also worked at an international audit firm from January 2001 to July 2013. Mr. Suen is a practicing member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in commerce from The University of Western Australia in March 2001.

Each of our directors will serve as a director until our next annual general meeting and until their successors are duly elected and qualified.

Family Relationships

There are no family relationships, or other arrangements or understandings between or among any of the directors, executive officers or other person pursuant to which such person was selected to serve as a director or officer, except that Mr. Zhuo Wang, our director, is the son of Gui Ling Guo, a director and Vice Chair of the board of directors of MingZhu.

Duties of Directors

Under Cayman Islands law, directors and officers owe the following fiduciary duties to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;

- (ii) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- (iii) directors should not properly fetter the exercise of future discretion;
- (iv) duty to exercise powers fairly as between different sections of shareholders;
- (v) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- (vi) duty to exercise independent judgment.

In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the amended and restated memorandum and articles of association or alternatively by shareholder approval at general meetings.

Accordingly, as a result of multiple business affiliations, our officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. In addition, conflicts of interest may arise when our board evaluates a particular business opportunity with respect to the above-listed criteria. We cannot assure you that any of the afore-mentioned conflicts will be resolved in our favor. Furthermore, each of our officers and directors has pre-existing fiduciary obligations to other businesses of which they are officers or directors.

Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain limited exceptional circumstances have the right to seek damages in our name if a duty owed by our directors is breached. You should refer to "10.B. Memorandum and Articles of Association — Material Differences between U.S. Corporate Law and British Virgin Islands Corporate Law" for additional information on our standard of corporate governance under Cayman Islands law.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for an initial term of one year and is subject to successive, automatic one-year extensions unless either party gives notice of non-extension to the other party at least 30 days prior to the end of the applicable term.

The executive officers are entitled to a fixed salary and to participate in our equity incentive plans, if any and other company benefits, each as determined by our board of directors from time to time.

We may terminate the executive officer's employment for cause, at any time, without notice or remuneration, for certain acts, such as conviction or plea of guilty to a felony or grossly negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and his right to all other benefits will terminate, except as required by any applicable law. We may also terminate his employment without cause upon 30 days' advance written notice. In such case of termination by us, we are required to provide the following severance payments and benefits to the executive officer: a cash payment of one month of base salary as of the date of such termination for each year (which is any period longer than six months but no more than one year) and a cash payment of half a month of base salary as of the date of such termination for any period of employment no more than six months, provided that the total severance payments shall not exceed twelve months of base salary.

The executive officer may terminate his employment at any time with 30 days' advance written notice if there is any significant change in his duties and responsibilities or a material reduction in his annual salary. In such case, the executive officer will be entitled to receive compensation equivalent to three months of his base salary. In addition, if we or our successor terminates the employment agreements upon a merger, consolidation, or transfer or sale of all or substantially all of our assets with or to any other individual(s) or entity, the executive officer shall be entitled to the following severance payments and benefits upon such termination: (1) a lump sum cash payment equal to three months of base salary at a rate equal to the greater of his annual salary in effect immediately prior to the termination, or his then-current annual salary as of the date of such termination; (2) a lump sum cash payment equal to a pro-rated amount of target annual bonus for the year immediately preceding the termination; (3) payment of premiums for continued health benefits under our health plans for three months following the termination; and (4) immediate vesting of 100% of the then-unvested portion of any outstanding equity held by the executive officer. The employment agreements also contain customary restrictive covenants relating to confidentiality, non-competition and non-solicitation, as well as indemnification of the executive officer against certain liabilities and expenses incurred by him in connection with claims made by reason of him being an officer of our company.

6.B. Compensation

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2023, we paid an aggregate of \$96,240 in cash and benefits in-kind granted to or accrued on behalf of all of our directors and members of senior management for their services, in all capacities, and we did not pay any additional compensation to our directors and members of senior management. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Equity Compensation Plan Information

On March 30, 2024, a 2024 Incentive Plan is being filed by the Company in accordance with the requirements of Form S-8 in order to register 5,000,000 ordinary shares, par value of \$0.001 ("Ordinary Shares") of the Company issuable pursuant to the 2024 incentive equity plan of the Company (the "2024 Incentive Plan") adopted by the Board of Directors of the Company.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2023, we had no outstanding equity awards.

6.C. Board Practices

Terms of Directors and Officers

Our officers are appointed by and serve at the discretion of our board of directors. Our directors are not subject to a set term of office and hold office until the next general meeting calls for the election of directors and until their successor is duly appointed or such time as they die, resign or are removed from office by a shareholders' ordinary resolution. The office of a director will be vacated automatically if, among other things, the director resigns in writing, becomes bankrupt or makes any arrangement or composition with his/her creditors generally or is found to be or becomes of unsound mind.

Our Board of Directors currently consists of five members. Currently, a majority of our Board is independent. An "independent director" is defined under the Nasdaq rules generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our Board has determined that Ms. Wang, Mr. Charette, and Mr. Suen are "independent directors" as defined in the Nasdaq listing standards and applicable SEC rules.

Audit Committee

Mikael Charette, Yuzhou Wang and To Wai Suen serve as members of our Audit Committee. Mr. Suen serves as the chair of the Audit Committee. Each of our Audit Committee members satisfies the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Mr. Suen possesses accounting or related financial management experience that qualifies him as an "audit committee financial expert" as defined by the rules and regulations of the SEC. Our Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee performs several functions, including:

- evaluating the independence and performance of, and assessing the qualification of, our independent auditor, and engaging such independent auditor;
- approving the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services, and approving in advance any non-audit service to be provided by the independent auditor;
- monitoring the independence of the independent auditor and the rotation of partners of the independent auditor on our engagement teams as required by law;
- reviewing the financial statements to be included in our Annual Report on Form 20-F and Current Reports on Form 6-K and reviewing with management and the independent auditors the results of the annual audit and reviewing of our quarterly financial statements;
- overseeing all aspects of our systems of internal accounting control and corporate governance functions on behalf of the board;
- reviewing and approving in advance any proposed related-party transactions and reporting to the full Board on any approved transactions; and

- providing oversight assistance in connection with legal, ethical and risk management compliance programs established by management and our board of directors, including Sarbanes-Oxley Act implementation, and making recommendations to our board of directors regarding corporate governance issues and policy decisions.

Compensation Committee

Mikael Charette, Yuzhou Wang and To Wai Suen serve as members of our Compensation Committee. Mr. Charette serves as the chairman of the Compensation Committee. All of our Compensation Committee members satisfy the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. Our Compensation Committee is responsible for overseeing and making recommendations to our board of directors regarding the salaries and other compensation of our executive officers and general employees and providing assistance and recommendations with respect to our compensation policies and practices.

Corporate Governance and Nominating Committee

Mikael Charette, Yuzhou Wang and To Wai Suen serve as members of our Nominating and Corporate Governance Committee. Mr. Charette serves as the chairman of the Nominating and Corporate Governance Committee. All of our Nominating and Corporate Governance Committee members satisfy the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. Our Nominating and Corporate Governance Committee is responsible for identifying and proposing new potential director nominees to the board of directors for consideration and reviewing our corporate governance policies. In addition, occasionally our board of directors may form sub-committees for certain matters on an ad hoc basis, such as a pricing committee, with advisory powers only, operating under a framework and guidelines as outlined and defined in advance by our board of directors.

6.D. Employees

See the section entitled "Employees" in Item 4B. above.

6.E. Share Ownership

See Item 7 below.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of the date of this annual report by our officers, directors, and 5% or greater beneficial owners of ordinary shares.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Unless otherwise indicated, the person identified in this table has sole voting and investment power with respect to all shares shown as beneficially owned by him, subject to applicable community property laws.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Shares ⁽²⁾
5% or Greater Shareholders		
Alpha Global (BVI) Limited ⁽³⁾	5,400,000	14.55%
Exquisite Elite Limited ⁽⁵⁾	2,250,000	6.06%
Stonewdd Global (BVI) Limited ⁽⁸⁾	2,110,333	5.69%
LIQUOR ALLIANCE HOLDINGS LIMITED ⁽⁹⁾	4,569,095	12.31%
Executive Officers and Directors		
Jinlong Yang ⁽⁶⁾	5,400,000	14.60%
Jingwei Zhang	-	-
Zhuo Wang ⁽⁷⁾	2,250,000	9.8%
Mikael Charette	-	-
Yuzhou Wang	-	-
To Wai Suen	-	-
All directors and executive officers as a group (6 individuals)	7,650,000	20.61%

(1) Unless otherwise noted, the business address of each of the following entities or individuals is 27F, Yantian Modern Industry Service Center, No. 3018 Shayan Road, Yantian District, Shenzhen, Guangdong, China 518081.

(2) Applicable percentage of ownership is based on 37,106,322 ordinary shares outstanding as of the date of this annual report.

(3) Jinlong Yang, our Chief Executive Officer and Chairman of our board of directors, is the sole shareholder and director of Alpha Global (BVI) Limited, a limited company formed under the laws of the British Virgin Islands and holds the voting and dispositive power over the ordinary shares held by Alpha Global (BVI) Limited. The address of Alpha Global (BVI) Limited is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

(4) Gui Ling Guo, a director and Vice Chair of the board of directors of MingZhu and mother of Zhuo Wang, our director, is the sole shareholder and director of Excelsior Investment Limited, a limited company incorporated under the laws of Hong Kong, and holds the voting and dispositive power over the ordinary shares held by Excelsior Investment Limited. The address of Excelsior Investment Limited is FLAT/RM 6 8/F, K Wah Centre, 191 Java Road North Point, Hong Kong.

- (5) Zhuo Wang, our director, is a director and holder of 86% of the outstanding shares of Exquisite Elite Limited, a British Virgin Islands company, and holds the voting and dispositive power over the ordinary shares held by Exquisite Elite Limited. The address of Exquisite Elite Limited is Vistra Corporation Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (6) Consists of 5,400,000 ordinary shares directly held by Alpha Global (BVI) Limited, of which Jinlong Yang, our Chief Executive Officer and Chairman of our board of directors, is the sole shareholder and director. Mr. Yang holds the voting and dispositive power over the ordinary shares held by Alpha Global (BVI) Limited.
- (7) Consists of 2,250,000 ordinary shares directly held by Exquisite Elite Limited, of which Zhuo Wang, our director, is a director and holder of 86% of its outstanding shares. Mr. Wang holds the voting and dispositive power over the ordinary shares held by Exquisite Elite Limited.
- (8) Dongdong Wang, is the sole shareholder and director of Stonewdd Global (BVI) Limited, a limited company incorporated under the laws of British Virgin Islands and holds the voting and dispositive power over the ordinary shares held by Stonewdd Global (BVI) Limited. The address of Stonewdd Global (BVI) Limited is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.
- (9) ZYHAN (BVI) LIMITED, is the sole shareholder of LIQUOR ALLIANCE HOLDINGS LIMITED, a limited company incorporated under the laws of British Virgin Islands, and holds the voting and dispositive power over the ordinary shares held by LIQUOR ALLIANCE HOLDINGS LIMITED. The address of LIQUOR ALLIANCE HOLDINGS LIMITED is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

7.B. Related Party Transactions

We have adopted an audit committee charter, which requires the committee to review all related-party transactions on an ongoing basis and all such transactions be approved by the committee.

Set forth below are the related party transactions of our company, which are identified in accordance with the rules prescribed under Form F-1 and Form 20-F and may not be considered as related party transactions under PRC law.

Related Party Balances

The amount due from related parties consists of the following:

Related Party Name (EN)	Relationship	Nature	December 31, 2023	December 31, 2022
Exquisite Elite Limited	Shareholder	Advances to payment of professional fee	6,228	54,882
Mr. Hui Wang	Senior employee	Advances for operational purpose	189,222	32,839
Mr. Jinlong Yang	Chairman and Chief Executive Officer	Advances for operational purpose	233,432	709,694
Mr. Mingzhu Logistics	Mr. Jinlong Yang's family member as sole shareholder	Lending with no interests	1,567,308	1,002,332
			<u>\$ 1,729,594</u>	<u>\$ 1,799,747</u>

The amount due to related parties consists of the following:

Related Party Name (EN)	Relationship	Nature	December 31, 2023	December 31, 2022
Mr. Zuojie Dai	Manager of MingZhu Pengcheng	Advances for operational purpose		75,180
Exquisite Elite Limited	Shareholder	Advances to payment of professional fee	25,160	-
MingZhu Logistics	Mr. Jinlong Yang's family member as sole shareholder	Lending with no interests	998	-
Mr. Jingwei Zhang	Chief Financial Officer	Advances for operational purpose	75,021	75,021
Lihui Wang	Manager of Feipeng	Advances for operational purpose	13,359	1,552,720
Xiangyin Guo	Manager of Zhisheng	Advances for operational purpose	5,339,035	4,405,945
Mr. Jinlong Yang	CEO	Advances for operational purpose	2,758,395	-
			<u>\$ 8,211,968</u>	<u>\$ 6,108,866</u>

Collateral and Guarantee

The collateral and guarantee made by related parties to the Company as of December 31, 2023 consists of the following:

Related Parties	Institution Name	Term	Aggregated Principal	Carrying Amount as of December 31, 2023
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	Bank of China	From May 25, 2023 to May 25, 2024	\$ 2,996,224	\$ 2,636,677
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	Bank of China	From May 24, 2023 to May 24, 2024	523,776	460,923
Guarantee by Mr. Jinlong Yang, Shenzhen Bangrui Aviation Service Co. Ltd. and Mr. Jinlong Yang's family members, pledged by a property owned by Shenzhen Bangrui Aviation Service Co. Ltd.	China Everbright Bank	From November 13, 2023 to May 12, 2024	2,112,000	1,135,411

Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Guilin Bank	From April 28, 2023 to April 28, 2024	408,320	408,320
Guarantee by Mr. Jinlong Yang and Shenzhen Mingzhu Freight Industrial Co., Ltd.	The Industrial Bank Co., Ltd.	From May 10, 2023 to May 10, 2024	422,400	337,920
Guarantee by Mr. Lihui Wang	Bank of China	From October 20, 2023 to October 20, 2024	1,126,400	1,126,400
Guarantee by Mr. Lihui Wang	Bank of China	From January 3, 2023 to January 3, 2024	281,600	281,600
Guarantee by Mr. Jinlong Yang and MingZhu Logistics.	WeBank Co., Ltd.	From July 13, 2022 to July 13, 2024	420,992	122,719
From August 26, 2021 to August 26, 20230Guarantee by Mr. Jinlong Yang	WeBank Co., Ltd.	From July 5, 2022 to July 5, 2024	101,376	72,277
Guarantee by Mr. Jinlong Yang	WeBank Co., Ltd.	From September 8, 2022 to September 8, 2024	\$ 140,800	\$ 75,093
			<u>\$ 8,533,888</u>	<u>\$ 6,657,340</u>

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The collateral and guarantee made by related parties to the Company as of December 31, 2022 consists of the following:

Related Parties	Institution Name	Term	Aggregated Principal	Carrying Amount as of December 31, 2022
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	The Industrial Bank Co., Ltd.(3)	From May 9, 2022 to May 9, 2023	\$ 347,967	\$ 347,967
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Bank of China(6)	From May 16, 2022 to May 16, 2023	4,059,618	3,340,486
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by a property owned by Mr. Jinlong Yang and two properties owned by Mr. Jinlong Yang's family members	China Everbright Bank(4)	From November 23, 2022 to November 22, 2023	2,174,796	2,087,804
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Guilin Bank(5)	From April 28, 2022 to April 28, 2023	420,460	420,460
Guarantee by Mr. Dongdong Wang and his Spouse	Zhejiang Mintai Commercial Bank	From June 30, 2022 to June 8, 2023	289,973	289,973
Guarantee by Mr. Dongdong Wang, Mr. Dongdong Wang's Spouse and five employees	Zhejiang Tailong Commercial Bank Co., Ltd. (2)	From November 18, 2022 to May 17, 2023	376,965	376,965
Guarantee by Mr. Lihui Wang	Bank of China(6)	From January 3, 2022 to January 3, 2023	289,973	289,973
Guarantee by Mr. Lihui Wang	Bank of China(6)	From September 2022 to September 2023	1,159,891	1,159,891
			<u>\$ 10,285,333</u>	<u>\$ 8,313,519</u>

7.C. Interests of Experts and Counsel

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

Consolidated Statements and Other Financial Information

The financial statements required by this item may be found at the end of this report on 20-F, beginning on page F-1.

Dividends

The holders of our ordinary shares are entitled to dividends out of funds legally available when and as declared by our board of directors. Our board of directors has never declared a dividend and does not anticipate declaring a dividend in the foreseeable future. Should we decide in the future to pay dividends, as a holding company, our ability to do so and meet other obligations depends upon the receipt of dividends or other payments from our operating subsidiary and other holdings and investments. In addition, our operating companies may, from time to time, be subject to restrictions on their ability to make distributions to us, including as a result of restrictive covenants in loan agreements, restrictions on the conversion of local currency into U.S. dollars or other hard currency and other regulatory restrictions. In the event of our liquidation, dissolution or winding up, holders of our ordinary shares are entitled to receive, ratably, the net assets available to shareholders after payment of all creditors.

No Significant Changes

No significant changes to our financial condition have occurred since the date of the annual financial statements contained herein.

ITEM 9. THE OFFER AND LISTING

9.A. Offer and Listing Details

Our ordinary shares have been listed on the Nasdaq Capital Market under the symbol "YGMZ" since October 21, 2020. Prior to that date, there was no public trading market for our ordinary shares.

9.B. Plan of Distribution

Not Applicable.

9.C. Markets

Nasdaq Capital Market.

9.D. Selling Shareholders

Not Applicable.

9.E. Dilution

Not Applicable.

9.F. Expenses of the Issuer

Not Applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not Applicable.

10.B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association and the Companies Act (Revised) of the Cayman Islands. The following description of certain provisions of our memorandum and articles of association does not propose to be complete and is qualified in its entirety by our memorandum and articles of association.

Ordinary Shares

We are authorized to issue 50,000,000 ordinary shares of par value \$0.001 each. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders, whether or not they are non-residents of the Cayman Islands, may freely hold and transfer their ordinary shares in accordance with the amended and restated memorandum and articles of association.

Charter

Our charter documents consist of our amended and restated memorandum of association and our amended and restated articles of association, or the memorandum and articles of association. We may amend our memorandum and articles of association generally by a special resolution of our shareholders.

Board Composition

Pursuant to our memorandum and articles of association, the business of our company is managed by our board of directors. Commencing with the first annual meeting of the shareholders, directors are elected for a term of office to expire at the next succeeding annual meeting of the shareholders after their election. Each director will hold office until the expiration of his or her term of office and until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal by the shareholders or a resolution passed by the majority of the remaining directors.

In the interim between annual meetings of shareholders, or special meetings of shareholders called for the election of directors, any vacancy on the board of directors may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director. A director elected to fill a vacancy resulting from death, resignation or removal of a director will serve for the remainder of the full term of the director whose death, resignation or removal will have caused such vacancy and until his successor will have been elected and qualified.

There is no cumulative voting by shareholders for the election of directors. We do not have any age-based retirement requirement and we do not require our directors to own any number of shares to qualify as a director.

Board Meetings

Board meetings may be held at the discretion of the directors at such times and in such manner as the directors may determine upon not less than three days' notice having been given to all directors. Decisions made by the directors at meetings shall be made by a majority of the directors. There must be at least a majority of the directors (with a minimum of two) at each meeting.

Directors Interested in a Transaction

A director must, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by us, disclose such interest to the board of directors. A director who is interested in a transaction entered into, or to be entered into, by the company, may vote on a matter related to the transaction, 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 sign a document on behalf of the company, or do any other thing in his capacity as a director, that relates to the transaction. A director is not required to disclose his interest in a transaction or a proposed transaction to our board of directors if the transaction or proposed transaction is between the director and us, or the transaction or proposed transaction is or is to be entered into the ordinary course of our business and on usual terms and conditions.

The directors may exercise all powers of our company to borrow money, mortgage or charge our undertakings and property, issue debentures, debenture shares and other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party.

Our directors may, by resolution, fix the compensation of directors in respect of services rendered or to be rendered in any capacity to us.

A director may attend and speak at any meeting of the shareholders and at any separate meeting of the holders of any class of our shares.

Rights of Shares

We are authorized to issue 50,000,000 ordinary shares of par value \$0.001 each. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders, whether or not they are non-residents of the Cayman Islands, may freely hold and transfer their ordinary shares in accordance with the amended and restated memorandum and articles of association.

Issuance of Shares; Variation of Rights of Shares

Our memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares. Our memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series to be issued;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Shareholders Meetings

Under our memorandum and articles of association, we are required to hold an annual meeting of shareholders each year at such date and time determined by our directors. Meetings of shareholders may be called pursuant to board resolution or the written request of shareholders holding more than 30% of the votes of our outstanding voting shares. Written notice of meetings of shareholders must be given to each shareholder entitled to vote at a meeting not fewer than 10 days prior to the date of the meeting, with certain limited exceptions. The written notice will state the place, time and business to be conducted at the meeting. The shareholders listed in our share register on the date prior to the date the notice is given shall be entitled to vote at the meeting, unless the notice provides a different date for determining the shareholders who are entitled to vote.

A meeting of shareholders held without proper notice will be valid if shareholders holding 90% majority of the total number of shares entitled to vote on all matters to be considered at the meeting, or 90% of the votes of each class or series of shares where shareholders are entitled to vote thereon as a class or series, together with an absolute majority of the remaining votes, have waived notice of the meeting and, for this purpose, presence of a shareholder at the meeting is deemed to constitute a waiver. The inadvertent failure of the directors to give notice of a meeting to a shareholder, or the fact that a shareholder has not received notice, will not invalidate a meeting.

Shareholders may vote in person or by proxy. No business may be transacted at any meeting unless a quorum of shareholders is present. A quorum consists of the presence in person or by proxy of holders entitled to exercise at least 50% of the voting rights of the shares of each class or series of shares entitled to vote as a class or series thereon and the same proportion of the votes of the remaining shares entitled to vote thereon.

Indemnification

The Companies Act does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arising from dishonesty of such directors or officers are a consequence of willful default or fraud.

This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the view of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Material Differences between U.S. Corporate Law and Cayman Islands Corporate Law

The Companies Act is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of some of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements.

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, a "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by a special resolution of the shareholders of each constituent company, and such other authorization, if any, as may be specified in such constituent company's articles of association.

The plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger and consolidation will be published in the Cayman Islands Gazette.

Dissenting shareholders have the right to be paid the fair value of their shares if they follow the required procedures under the Companies Act subject to certain exceptions. The fair value of the shares will be determined by the Cayman Islands court if it cannot be agreed among the parties. Court approval is not required for a merger or consolidation effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands.

While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question;

- the arrangement is such that an intelligent and honest man of that class acting in respect of his interest would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

When a take-over offer is made and accepted by holders of not less than 90% of the shares within four months, the offer, or may, within a two-month period conversing on the expiration of such four months period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholders would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be duly effected if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

The Companies Act does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arising from dishonesty of such directors or officers are a consequence of willful default or fraud.

This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the view of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Director's Fiduciary Duties

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, courts are moving towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Shareholder Action by Written Consent

The Cayman Islands law and our articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by an amendment to its certificate of incorporation.

Shareholder Proposals

The Companies Act provides shareholders with only limited rights to requisition a general meeting and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in articles of association. Our articles of association allow our shareholders holding not less than 40% of all voting power of our share capital in issue to requisition a shareholder's meeting. Other than this right to requisition a shareholders' meeting, our articles of association do not provide our shareholders other right to put proposal before a meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents and rules promulgated by the SEC. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cumulative Voting

There are no prohibitions in relation to cumulative voting under the Companies Act, but our articles of association do not provide for cumulative voting.

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

Removal of Directors

Under our amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote.

Transactions with Interested Shareholders

The Companies Act has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Dissolution; Winding Up

Under the Companies Act, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Variation of Rights of Shares

Under the Companies Act and our articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.

Amendment of Governing Documents

As permitted by the Companies Act, our amended and restated memorandum and articles of association may only be amended with a special resolution of our shareholders.

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Listing

Our ordinary shares are listed on the Nasdaq Capital Market under the symbol "YGMZ". We do not intend to apply for listing of the warrants on any securities exchange or nationally recognized trading system, and we do not expect a market to develop for the warrants.

Transfer Agent and Registrar

The transfer agent and registrar for our securities is Vstock Transfer, LLC. The transfer agent and registrar's address is 18 Lafayette Place, Woodmere, New York 11598.

10.C. Material Contracts

Below is a summary of all material contracts to which we are a party dated within the preceding two years from the date hereof other than agreements entered into in our ordinary course of business:

Share Purchase Agreement with Yinhua

On March 14, 2022, we entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua.

Under terms of the share purchase agreement, we agreed to pay \$10,076,600 in exchange for 100% equity of Yinhua. Of the total consideration to be paid, \$7,078,100 was paid in the form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share of the Company, and \$1,000,000 in cash upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022.

On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares of the Yinhua, and we issued 3,826,000 ordinary shares and paid \$1,000,000 in cash to the sellers.

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

Share Purchase Agreement with Feipeng BVI

On December 21, 2022, we entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, we acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

Under terms of the share purchase agreement, we agreed to pay \$14,540,436 in exchange for 100% equity of Feipeng BVI. Of the total consideration to be paid, \$9,550,000 was paid in the form of cash, and \$1,000,000 in cash upon closing. In addition, Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

On December 21, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares of the Feipeng BVI, and we paid \$9,550,000 in cash to the sellers.

Share Purchase Agreement with Alliance BVI

On May 26, 2023, the Company entered into a Share Purchase Agreement with Liquor Alliance Investment (BVI) Limited ("Alliance BVI") which operates its liquor distribution business through its variable interest entity Xiamen Alliance Liquor Industry Group Co., Ltd. (formerly known as Guizhou Minzusheng Liquor Co., Ltd.) in China, and each of the shareholders of the Alliance BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, the Company acquired 100% of Alliance BVI for approximately \$21,292,948, of which 4,569,095 ordinary shares was issued upon closing. Alliance BVI shall receive cash in the amount of \$8,042,090 if it achieves a targeted net income of US\$2.0 million during the fiscal year of 2023 and 2024, respectively.

On May 26, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares of the Alliance BVI, and we issued 4,569,095 ordinary shares to the sellers.

VIE Termination Agreement with Cheyi WFOE

On December 30, 2023, Cheyi WFOE, Cheyi Network and Cheyi Network's shareholders executed a VIE Termination Agreement to terminate the Master Exclusive Service Agreement, Business Cooperation Agreement, Proxy Agreement, Exclusive Option Agreement, Equity Interest Pledge Agreement and Letter of Confirmation and Undertaking.

Securities Purchase Agreement with certain investors

On April 16, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), pursuant to which two accredited investors agreed to purchase an aggregate of 5,000,000 ordinary shares (the "Shares"), par value \$0.001 per share, for an aggregate purchase price of \$2,000,000, representing a purchase price of \$0.40 per share (the "Financing"). The Purchase Agreement contains customary representations and warranties by the Company and customary closing conditions. On April 17, 2024, the Company closed the Financing. At the closing, the Company received gross proceeds of \$2,000,000 in the aggregate, in exchange for the issuance of the Shares.

We have not entered into any material contracts other than in the ordinary course of business and other than those described in this annual report.

10.D. Exchange Controls

British Virgin Islands

There are currently no exchange control regulations in the British Virgin Islands applicable to us or our shareholders.

The PRC

China regulates foreign currency exchanges primarily through the following rules and regulations:

- Foreign Currency Administration Rules of 1996, as amended; and
- Administrative Rules of the Settlement, Sale and Payment of Foreign Exchange of 1996.

As we disclosed in the risk factors above, Renminbi is not a freely convertible currency at present. Under the current PRC regulations, conversion of Renminbi is permitted in China for routine current-account foreign exchange transactions, including trade and service-related foreign exchange transactions, payment of dividends and service of foreign debts. Conversion of Renminbi for most capital-account items, such as direct investments, investments in PRC securities markets and repatriation of investments, however, is still subject to the approval of SAFE.

Pursuant to the above-mentioned administrative rules, foreign-invested enterprises may buy, sell and/or remit foreign currencies for current account transactions at banks in China with authority to conduct foreign exchange business by complying with certain procedural requirements, such as presentation of valid commercial documents. For capital-account transactions involving foreign direct investment, foreign debts and outbound investment in securities and derivatives, approval from SAFE is a pre-condition. Capital investments by foreign-invested enterprises outside China are subject to limitations and requirements in China, such as prior approvals from the PRC Ministry of Commerce or SAFE.

10.E. Taxation

The following summary contains a description of certain Cayman Islands and U.S. federal income tax consequences of the acquisition, ownership and disposition of securities, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase securities. The summary is based upon the tax laws of the Cayman Islands and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

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Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any shares under the laws of their country of citizenship, residence or domicile.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Shares. The discussion is a general summary of the present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws

The Cayman Islands currently levies no taxes in on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes levied by the Government of the Cayman Islands that are likely to be material to holders of ordinary shares except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Act (Revised) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of our company; or
 - (ii) by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2018 Revision).

These concessions shall be for a period of 20 years from March 22, 2018.

People's Republic of China Taxation

Under the Enterprise Income Tax Law, an enterprise established outside the PRC with a "de facto management body" within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income as well as tax reporting obligations. Under the Implementation Rules, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

In addition, SAT Circular 82, which was issued in April 2009 and partially abolished on December 29, 2017, specifies that certain offshore-incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as non-domestically-registered resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board's and shareholders' meetings are located or kept in the PRC; and (d) half or more of the enterprises' directors or senior management personnel with voting rights habitually reside in the PRC. Further to SAT Circular 82, the SAT issued Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation) (the "SAT Bulletin 45") on July 27, 2011, which took effect on September 1, 2011 and was last amended on June 15, 2018, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on PRC resident enterprise status and administration on post-determination matters. If the PRC tax authorities determine that the Company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, the Company may be subject to enterprise income tax at a rate of 25% with respect to its worldwide taxable income. Also, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ordinary shares and potentially a 20% of withholding tax would be imposed on dividends we pay to our non-PRC individual shareholders and with respect to gains derived by our non-PRC individual shareholders from transferring our shares or ordinary shares.

It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. See "3.D. Risk Factors — Risk Factors Related to Doing Business in China — If we are classified as a PRC resident enterprise for PRC purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders."

The SAT and the MOF issued the Notice of Ministry of Finance and State Administration of Taxation on Several Issues relating to Treatment of Corporate Income Tax Pertaining to Restructured Business Operations of Enterprises (the "SAT Circular 59") in April 2009, which became effective on January 1, 2008 and was amended on December 25, 2014 and became effective on January 1, 2014. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, which became effective on December 1, 2017 and was amended on June 15, 2018 (the "SAT Circular 37"). By promulgating and implementing the SAT Circular 59 and the SAT Circular 37, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-PRC resident enterprise.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Tax Arrangement, where a Hong Kong resident enterprise which is considered a non-PRC tax resident enterprise directly holds at least 25% of a PRC enterprise, the withholding tax rate in respect of the payment of dividends by such PRC enterprise to such Hong Kong resident enterprise is reduced to 5% from a standard rate of 10%, subject to approval of the PRC local tax authority.

Pursuant to the Circular of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements ("Circular 81"), a resident enterprise of the counter-party to such Tax Arrangement should meet the following conditions, among others, in order to enjoy the reduced withholding tax under the Tax Arrangement: (i) it must directly own the required percentage of equity interests and voting rights in such PRC resident enterprise; and (ii) it should directly own such percentage in the PRC resident enterprise anytime in the 12 months prior to receiving the dividends. Furthermore, pursuant to the Announcement of the State Taxation Administration on Promulgation of the Administrative Measures on Entitlement of Non-resident Taxpayers to Tax Treaty Benefits (or Circular 35) which was issued on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers claiming tax treaty benefits shall adopt the method of "making independent judgment, declaring claims and retaining the relevant materials for future inspection". Where a non-resident taxpayer deems that it satisfies the criteria for entitlement to tax treaty benefits, it may, at the time of filing tax return or making withholding declaration through a withholding agent, enjoy tax treaty benefits, and simultaneously compile and retain the relevant materials pursuant to the provisions of this circular for future inspection, and be subject to follow-up administration by the tax authorities. There are also other conditions to qualify for such a reduced withholding tax rate according to other relevant tax rules and regulations. Accordingly, MingZhu HK may be able to enjoy the 5% withholding tax rate for the dividends it receives from the wholly foreign-owned enterprises, if it satisfies the conditions prescribed under Circular 81 and other relevant tax rules and regulations, and obtains the approvals as required under the Administrative Measures. However, according to Circular 81, if the relevant tax authorities consider the transactions or arrangements, we have for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

Material United States Federal Income Tax Considerations

The following is a discussion of certain material United States federal income tax considerations relating to the acquisition, ownership, and disposition of our units, ordinary shares and warrants by a U.S. Holder, as defined below. For U.S. federal income tax purposes, the holder of a unit generally should be treated as the owner of the underlying ordinary share and warrant components of the unit, as the case may be. As a result, the discussion below with respect to actual holders of ordinary shares and warrants should also apply to holders of units (as the deemed owners of the underlying ordinary shares and warrants that comprise the units). This discussion applies only to securities that are held as capital assets for U.S. federal income tax purposes, and holders who purchased units in this offering and assumes any distributions on our ordinary shares will be paid in U.S. dollars. This discussion is based on existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships (or other entities treated as partnerships for United States federal income tax purposes) and their partners, tax-exempt organizations (including private foundations)), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) 5% or more of our voting shares, investors that hold their ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction), or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any tax laws other than the United States federal income tax laws, including any state, local, alternative minimum tax or non-United States tax considerations, or the Medicare tax on unearned income. Each potential investor is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ordinary shares are urged to consult their tax advisors regarding an investment in our ordinary shares.

The discussion set forth below is addressed only to U.S. Holders that purchase ordinary shares in this offering. Prospective purchasers are urged to consult their own tax advisors about the application of U.S. federal income tax law to their particular circumstances as well as the state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of our ordinary shares.

Allocation of Purchase Price and Characterization of a Unit

No statutory, administrative or judicial authority directly addresses the treatment of a unit or instruments similar to a unit for U.S. federal income tax purposes and, therefore, that treatment is not entirely clear. The acquisition of a unit should be treated for U.S. federal income tax purposes as the acquisition of one ordinary share and one warrant to acquire one ordinary share. For U.S. federal income tax purposes, each holder of a unit must allocate the purchase price paid by such holder for such unit between the one ordinary share and the warrant based on the relative fair market value of each at the time of purchase. Under U.S. federal income tax law, each investor must make his or her own determination of such value based on all the relevant facts and circumstances. Therefore, we strongly urge each investor to consult his or her tax adviser regarding the determination of value for these purposes. The price allocated to each ordinary share and the warrant should be the shareholder's tax basis in such share or warrant, as the case may be. Any disposition of a unit should be treated for U.S. federal income tax purposes as a disposition of the ordinary share and the warrant comprising the unit, and the amount realized on the disposition should be allocated between the ordinary share and warrant based on their respective relative fair market values at the time of disposition (as determined by each such unit holder based on all relevant facts and circumstances). The separation of the ordinary share and the warrant comprising a unit should not be a taxable event for

U.S. federal income tax purposes.

The foregoing treatment of the ordinary shares and warrants and a holder's purchase price allocation are not binding on the IRS or the courts. Because there are no authorities that directly address instruments that are similar to the units, no assurance can be given that the IRS or the courts will agree with the characterization described above or the discussion below. Accordingly, each prospective investor is urged to consult its own tax advisors regarding tax consequences of an investment in a unit (including alternative characterizations of a unit). The balance of this discussion assumes that the characterization of the units described above is respected for U.S. federal income tax purposes.

Taxation of Dividends and Other Distributions on our Ordinary Shares

Subject to the passive foreign investment company rules discussed below, distributions of cash or other property made by us to you with respect to the ordinary shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date of receipt by you, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

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With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the ordinary shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares, including the effects of any change in law after the date of this annual report.

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Taxation of Dispositions of Ordinary Shares

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a share equal to the difference between the amount realized (in U.S. dollars) for the share and your tax basis (in U.S. dollars) in the ordinary shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ordinary shares for more than one year, you may be eligible for reduced tax rates on any such capital gains. The deductibility of capital losses is subject to limitations.

Exercise, Lapse or Redemption of a Warrant

Subject to the PFIC rules discussed below and except as discussed below with respect to the cashless exercise of a warrant, a U.S. holder generally will not recognize gain or loss on the exercise of a warrant. A U.S. holder's tax basis in an ordinary share received upon exercise of the warrant generally will be an amount equal to the sum of the U.S. holder's initial investment in the warrant (which will equal the portion of the U.S. holder's purchase price for the units that is allocated to the warrant, as described above) and the exercise price of such warrant. The U.S. holder's holding period for an ordinary share received upon exercise of the warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the warrants and will not include the period during which the U.S. holder held the warrants. If a warrant is allowed to lapse unexercised, a U.S. holder generally will recognize a capital loss equal to such holder's tax basis in the warrant.

The tax consequences of a cashless exercise of a warrant are not clear under current law. A cashless exercise may not be taxable, either because the exercise is not a realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either situation, a U.S. holder's tax basis in the ordinary shares received generally will equal the U.S. holder's tax basis in the warrant. If the cashless exercise was not a realization event, it is unclear whether a U.S. holder's holding period for the ordinary shares acquired pursuant to the exercise of such warrant will commence on the date of exercise of the warrant or the day following the date of exercise of the warrant. If the cashless exercise were treated as a recapitalization, the holding period of the ordinary shares will generally include the holding period of the warrant. It is also possible that a cashless exercise may be treated as a taxable exchange in which gain or loss would be recognized because a U.S. holder may be deemed to have surrendered a portion of its warrants in a taxable transaction to pay the exercise price for the balance of its warrants that are treated as exercised for U.S. federal income tax purposes. In such event, a U.S. holder would recognize capital gain or loss in an amount equal to the difference between the exercise price for the total number of warrants treated as exercised and the U.S. holder's tax basis in the warrants deemed surrendered. In this case, a U.S. holder's tax basis in the ordinary shares received would equal the U.S. holder's tax basis in the warrants treated as exercised plus the exercise price of such warrants. It is unclear whether a U.S. holder's holding period for the ordinary shares would commence on the date of exercise of the warrants or the day following the date of exercise of the warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

Subject to the PFIC rules described below, if we redeem warrants for cash or if we purchase warrants in an open market transaction, such redemption or purchase generally will be treated as a taxable disposition to the U.S. holder.

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Possible Constructive Distributions

The terms of each warrant provide for an adjustment to the number of ordinary shares for which the warrant may be exercised or to the exercise price of the warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. The U.S. holders of the warrants would, however, be treated as receiving a constructive distribution from us if, for example, the adjustment increases the warrant holders' proportionate interest in our assets or earnings and profits (e.g., through an increase in the number of ordinary shares that would be obtained upon exercise) as a result of a distribution of cash to the holders of our ordinary shares which is taxable to the U.S. holders of such ordinary shares as described under "—Taxation of Dividends and Other Distributions" above. Such constructive distribution would be subject to tax as described under that section in the same manner as if the U.S. holders of the warrants received a cash distribution from us equal to the fair market value of such increased interest. For certain information reporting purposes, we are required to determine the date and amount of any such constructive distributions. Proposed Treasury regulations, which we may rely on prior to the issuance of final regulations, specify how the date and amount of constructive distributions are determined.

Passive Foreign Investment Company ("PFIC")

If we are a PFIC for your taxable year(s) during which you hold ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ordinary shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if you hold the ordinary shares as capital assets.

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for the first taxable year during which you hold (or are deemed to hold) ordinary shares and for which we are determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of such taxable year over your adjusted basis in such ordinary shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, such ordinary loss is allowable only to the extent of any net mark-to-market gains on the ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under "— Taxation of Dividends and Other Distributions on our Ordinary Shares" generally would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market (as defined in applicable U.S. Treasury regulations), including Nasdaq. If the ordinary shares are regularly traded on Nasdaq and if you are a holder of ordinary shares, the mark-to-market election would be available to you if we were or became a PFIC.

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Alternatively, a U.S. Holder of stock in a PFIC may make a "qualified electing fund" election with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder's pro rata share of the corporation's earnings and profits for the taxable year. However, the qualified electing fund election is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold ordinary shares in any taxable year in which we are a PFIC, you will be required to file IRS Form 8621 in each such year and provide certain annual information regarding such ordinary shares, including regarding distributions received on the ordinary shares and any gain realized on the disposition of the ordinary shares. In addition, a U.S. holder may not make a "qualified electing fund" election with respect to its warrants to acquire our ordinary shares. As a result, if a U.S. holder sells or otherwise disposes of such warrants (other than upon exercise of such warrants), any gain recognized generally will be subject to the special tax and interest charge rules treating the gain as an excess distribution, if we were a PFIC at any time during the period the U.S. holder held the warrants.

If you do not make a timely "mark-to-market" election (as described above), and if we were a PFIC at any time during the period you hold our ordinary shares, then such ordinary shares will continue to be treated as stock of a PFIC with respect to you even if we cease to be a PFIC in a future year, unless you make a "purging election" for the year we cease to be a PFIC. A "purging election" creates a deemed sale of such ordinary shares at their fair market value on the last day of the last year in which we are treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the ordinary shares on the last day of the last year in which we are treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your ordinary shares for tax purposes.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our ordinary shares and the elections discussed above.

Information Reporting and Backup Withholding

Dividend payments with respect to our ordinary shares and proceeds from the sale, exchange or redemption of our ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on IRS Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information. We do not intend to withhold taxes for individual shareholders. However, transactions effected through certain brokers or other intermediaries may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Under the Hiring Incentives to Restore Employment Act of 2010, certain U.S. Holders are required to report information relating to our ordinary shares, subject to certain exceptions (including an exception for ordinary shares held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold ordinary shares.

10.F. Dividends and Paying Agents

Not Applicable.

10.G. Statement by Experts

Not Applicable.

10.H. Documents on Display

We have previously filed with the SEC our registration statements on Form F-1 (File Number 333-253950) and Form 20-F for the fiscal year ended December 31, 2020.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at Judiciary Plaza, 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing, among other things, the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

10.I. Subsidiary Information

Not Applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments that expose us to concentrations of credit risk primarily consist of cash and accounts receivables. The maximum amount of loss due to credit risk in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in our consolidated balance sheets.

We are exposed to various types of market risks, including changes in foreign exchange rates, commodity prices and inflation in the normal course of business.

Interest rate risk

Our market risk is affected by changes in interest rates. Historically, we have used a combination of fixed rate and variable rate obligations to manage our interest rate exposure. Fixed rate obligations expose us to the risk that interest rates might fall. Variable rate obligations expose us to the risk that interest rates might rise. We currently do not have any interest rate swaps although we may enter into such swaps in the future.

We are exposed to variable interest rate risk principally from our existing term loan facility and our existing revolving credit facility. We are exposed to fixed interest rate risk principally from equipment notes and mortgages. As of December 31, 2023, we had bank borrowings totaling \$7,321,916 comprised of \$7,321,916 variable rate borrowings and \$nil fixed rate borrowings. As of December 31, 2022, we had bank borrowings totaling \$10,862,622 comprised of \$10,862,622 variable rate borrowings and \$nil fixed rate borrowings. Accordingly, holding other variables constant (including borrowing levels), the Group's interest rate risk is mainly concentrated on the fluctuation of interest rates quoted by The People's Bank of China arising from the Company's RMB denominated bank borrowings. If interest rates had been one percentage point higher/lower and all other variables were held constant, our profit for the year ended December 31, 2023, 2022 and 2021 would decrease/increase by approximately \$70,000, \$90,000 and \$18,000, respectively. Management believes that the influence of such change has no material impact on the Company's consolidated financial statements.

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Foreign exchange risk

While our reporting currency is the U.S. dollar, almost all of our consolidated revenues and consolidated costs and expenses are denominated in RMB. Most of our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between the U.S. dollar and RMB. If the RMB depreciates against the U.S. dollar, the value of our RMB revenues, earnings and assets as expressed in our U.S. dollar financial statements will decline. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk.

Liquidity Risk

We are also exposed to liquidity risk which is the risk that we will be unable to provide sufficient capital resources and liquidity to meet our commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, we will turn to other financial institutions and related parties to obtain short-term funding to cover any liquidity shortage.

Credit Risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. We manage credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. We identify credit risk collectively based on industry, geography and customer type. In measuring the credit risk of our sales to our customers, we mainly reflect the "probability of default" by the customer on its contractual obligations and consider the current financial position of the customer and the current and likely future exposures to the customer.

Other risks

In addition to the risks described above, in December 2019, a strain of coronavirus (also known as COVID-19) was reported to have surfaced in Wuhan, Hubei Province, China. At this point, the extent to which the coronavirus may impact our results is uncertain. However, any outbreak of a contagious disease, or other adverse public health developments, could have a material adverse effect on our business operations by disrupting our ability to purchase raw materials, impacting the demand for some of our products, disrupting our ability to sell and/or distribute products, and/or temporarily closing our facilities or the facilities of our suppliers or customers and their contract manufacturers, or restricting our ability to travel to support our sites or our customers around the world, any of which would likely impact our sales and operating results.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

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ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not Applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On October 21, 2020, the Company completed its IPO of 3,000,000 ordinary shares at a public offering price of US\$4.00 per share.

On October 30, 2020, the underwriter and sole book-runner of the Company's underwritten IPO, exercised the partial over-allotment option and purchased an additional 350,000 ordinary shares of the Company at the IPO price of US\$4.00 per share.

On December 4, 2020, the underwriter and sole book-runner of the Company's underwritten IPO, further exercised the partial over-allotment option and purchased an additional 4,040 ordinary shares of the Company at the IPO price of US\$4.00 per share.

With the above IPO and over-allotments, the Company received total net proceeds of \$10,958,803 after deducting underwriting commission and other expenses.

On March 12, 2021, the Company closed a direct public offering of 3,333,335 Units, with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share. The Company sold the Units at a price of \$6.00 per Unit. The Company received gross proceeds from the Offering, before deducting estimated offering expenses payable by the Company, of approximately \$18,000,000.

On April 21, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 214,286 ordinary shares of the Company with no cash in consideration.

On June 14, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 43,616 ordinary shares of the Company with no cash in consideration.

We have used the net proceeds from such offerings in the manner as disclosed in our registration statement on Form F-1 (File Number 333-253950).

On December 31, 2021, we acquired 100% shares outstanding of the Cheyi BVI, and we issued 3,189,000 ordinary shares and paid \$2,000,000 to the sellers.

On March 18, 2022, we acquired 100% shares outstanding of the Yinhua, and we issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

On December 21, 2022, we acquired 100% shares outstanding of the Feipeng BVI, and we paid \$9,550,000 to the sellers.

On May 26, 2023, we acquired 100% shares outstanding of the Alliance BVI, and we issued 4,569,095 ordinary shares to the sellers.

On April 16, 2024, the Company closed a private placement by selling 5,000,000 ordinary shares.

On April 18, 2024, the Company issued 4,576,950 ordinary shares under 2024 Incentive Plan.

The Company has 37,106,322 ordinary shares outstanding as of the date of this annual report.

ITEM 15. CONTROLS AND PROCEDURES**(a) Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, due to the outstanding material weakness described below, as of December 31, 2023, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report by our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

(c) Attestation Report of Independent Registered Public Accounting Firm

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act, and are eligible to take advantage of certain exemptions from various reporting and financial disclosure requirements that are applicable to other public companies. These provisions include

exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, related to the assessment of the effectiveness of the emerging growth company's internal control over financial reporting.

(d) Changes in Internal Control over Financial Reporting

In connection with the audits of our consolidated financial statements included in this annual report, we and our independent registered public accounting firm identified one "material weakness" in our internal control over financial reporting, as defined in the standards established by the PCAOB, and other control deficiencies. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to our lack of sufficient skilled staff with U.S. GAAP and SEC reporting knowledge for the purpose of financial reporting as well as the lack of formal accounting policies and procedures manual to ensure proper financial reporting in accordance with U.S. GAAP and SEC reporting requirements.

Because of the material weakness described above, our management has concluded that we had not maintain effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

(e) Remediation Initiatives

To remedy our identified material weakness in connection with preparation of our consolidated financial statements, we plan to adopt several measures to improve our internal control over financial reporting, including (i) hiring additional accounting personnel with experience in U.S. GAAP and SEC reporting requirements, and (ii) providing more regular training on an ongoing basis to our accounting personnel that cover a broad range of accounting and financial reporting topics.

Other than as described above, no changes in our internal controls over financial reporting occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Our management has worked, and will continue to work to strengthen our internal controls over financial reporting. There were no other changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mikael Charette, Yuzhou Wang and To Wai Suen serve as members of our Audit Committee. Mr. Suen serves as the chair of the Audit Committee. Each of our Audit Committee members satisfies the "independence" requirements of the Nasdaq listing rules and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Mr. Suen possesses accounting or related financial management experience that qualifies him as an "audit committee financial expert" as defined by the rules and regulations of the SEC. Our Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee performs several functions, including:

- evaluating the independence and performance of, and assessing the qualification of, our independent auditor, and engaging such independent auditor;
- approving the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services, and approving in advance any non-audit service to be provided by the independent auditor;
- monitoring the independence of the independent auditor and the rotation of partners of the independent auditor on our engagement teams as required by law;
- reviewing the financial statements to be included in our Annual Report on Form 20-F and Current Reports on Form 6-K and reviewing with management and the independent auditors the results of the annual audit and reviewing of our quarterly financial statements;
- overseeing all aspects of our systems of internal accounting control and corporate governance functions on behalf of the board;
- reviewing and approving in advance any proposed related-party transactions and reporting to the full Board on any approved transactions; and
- providing oversight assistance in connection with legal, ethical and risk management compliance programs established by management and our board of directors, including Sarbanes-Oxley Act implementation, and making recommendations to our board of directors regarding corporate governance issues and policy decisions.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics that applies to all of our executive officers, directors and employees in accordance with the rules of Nasdaq and the SEC. The code of ethics codifies the business and ethical principles that govern all aspects of our business. We filed a copy of our Code of Ethics as Exhibit 14 to our Registration Statement declared effective on March 9, 2021 (File Number 333-253950). You can review these documents by accessing our public filings at the SEC's website at www.sec.gov.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered by our independent registered public accounting firm, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

	For the Fiscal Years Ended December 31,	
	2023	2022
Audit Fees	\$ 140,000	\$ 140,000
Audit-Related Fees	30,000	30,000
Tax Fees	-	-

All Other Fees	-	-
Total	\$ 170,000	\$ 170,000

Audit fees represent the aggregate fees billed for professional services rendered by our independent registered public accounting firms for the audit of our annual financial statements and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. We dismissed Friedman LLP on May 17, 2021 and we had appointed Audit Alliance LLP as successor auditor of the Company on May 17, 2021 and for the fiscal years ended December 31, 2023, 2022 and 2021.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firms, including audit services and audit-related services as described above, other than those for de minimis services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not Applicable.

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ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Capital Market, we are subject to the Nasdaq Capital Market corporate governance listing standards. However, Nasdaq Capital Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Capital Market corporate governance listing standards. We intend to follow the following home country practices in lieu of the Nasdaq Listing Rules as follows:

- Nasdaq Listing Rule 5605(b)(1) requires listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirements, or we may choose to comply with the above requirement within one year of listing. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Currently, a majority of our board members are independent.
- We do not intend to follow Nasdaq's requirements regarding shareholder approval for certain issuances of securities under Nasdaq Listing Rule 5635. Under our Memorandum and Articles of Association, our board of directors is authorized to issue securities including in connection with certain events such as the acquisition of shares or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us, rights issues at or below market price, certain private placements and issuance of convertible notes, and the issuance of 20% or more of our outstanding ordinary shares.

Other than those described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq Capital Market corporate governance listing standards. We may in the future decide to use the foreign private issuer exemption with respect to some or all the other Nasdaq corporate governance rules. As a result, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. We may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and related notes required by this item are contained on pages F-1 through F-46.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description of document
2.4**	Description of Securities
3.1*	Memorandum of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the registration statement on Form F-1 (File No. 333-233992) https://www.sec.gov/cgi-bin/browse-edgar?filenum=333-233992&action=getcompany), as amended, initially filed with the SEC on September 27, 2019).

3.2*	Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-233992https://www.sec.gov/cgi-bin/browse-edgar?filenum=333-233992&action=getcompany), as amended, initially filed with the SEC on September 27, 2019).
3.3*	Amended and Restated Memorandum of Association of the Registrant (incorporated herein by reference to Exhibit 3.3 to the registration statement on Form F-1 (File No. 333-233992https://www.sec.gov/cgi-bin/browse-edgar?filenum=333-233992&action=getcompany), as amended, initially filed with the SEC on September 27, 2019).
4.1*	Form of Underwriters' Warrant (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-233992https://www.sec.gov/cgi-bin/browse-edgar?filenum=333-233992&action=getcompany), as amended, initially filed with the SEC on September 27, 2019).
4.2*	Form of Investors Warrant filed as Exhibit 4.2 to the Registrant's Form F-1 filed with the Commission on March 5, 2021 (File number 333-253950)
4.3*	Form of Placement Agent's Warrant, filed as Exhibit 4.3 to the Registrant's Form F-1 filed with the Commission on March 5, 2021 (File number 333-253950)
8.1**	List of Subsidiaries of the Registrant

Exhibit No.	Description of document
10.1*	Share Purchase Agreement, dated as of May 26, 2023, by and among Mingzhu logistics and sellers named therein filed as Exhibit 10.1 to the Form 6-K filed with the SEC on May 30, 2023.
10.2*	Lock-up Agreement, dated as of May 26, 2023, by and among Mingzhu Logistics and sellers named therein filed as Exhibit 10.2 to the Form 6-K filed with the SEC on May 30, 2023.
10.3*	Non-Competition and Non-Solicitation Agreement, dated as of May 26, 2023, by and among Mingzhu Logistics and sellers named therein filed as Exhibit 10.3 to the Form 6-K filed with the SEC on May 30, 2023.
10.4**	Master Exclusive Service Agreement, dated May 1, 2023, by and between Xiamen Alliance Management Consulting Co., Ltd. and Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.5**	Business Cooperation Agreement, dated May 1, 2023, by and between Xiamen Alliance Management Consulting Co., Ltd. and Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.6**	Proxy Agreement, dated May 1, 2023, by and among Xiamen Alliance Management Consulting Co., Ltd. shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd and Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.7**	Exclusive Option Agreement, dated May 1, 2023, by and among Xiamen Alliance Management Consulting Co., Ltd. shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd and Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.8**	Equity Interest Pledge Agreement, dated May 1, 2023, by and among Xiamen Alliance Management Consulting Co., Ltd. shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd and Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.9**	Letter of Confirmation and Undertaking, dated May 1, 2023, by shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd.
10.10*	VIE Termination Agreement, dated December 30, 2023, by and among Ningbo Cheyi Enterprise Consulting Co., Ltd., Zhejiang Cheyi Network Technology Co., Ltd. and shareholders of Zhejiang Cheyi Network Technology Co., Ltd. filed as Exhibit 10.1 to the Form 6-K filed with the SEC on January 5, 2024.
11*	Code of Ethics of the Registrant, filed as Exhibit 14 to the Registrant's Form F-1 filed with the Commission on March 5, 2021 (File number 333-253950)
12.1**	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2**	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1***	CEO Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2***	CFO Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1**	Clawback Policy
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104**	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Previously Filed as indicated and incorporated by reference.

** Filed herewith.

*** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MINGZHU LOGISTICS HOLDINGS LIMITED

/s/ Jinlong Yang

Name: Jinlong Yang

Title: Chief Executive Officer and Director

Date: May 15, 2024

MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

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Tel: (65) 6227 5428

10 Anson Road #20-16 International Plaza Singapore 079903

Website: www.allianceaudit.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MingZhu Logistics Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MingZhu Logistics Holdings Limited, and subsidiaries (collectively the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of (loss) income and comprehensive (loss) income, changes in shareholders' equity, and cash flows for each of three years ended December 31, 2023, 2022 and 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years ended December 31, 2023, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Audit Alliance LLP

We have served as the Company's auditor since 2021.

Singapore

May 15, 2024

PCAOB ID Number 3487

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MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	As of December 31, 2023 USD	As of December 31, 2022 USD
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,676,382	\$ 3,853,468
Accounts receivable, net of allowance for credit losses	31,566,845	16,100,703
Prepayments	17,261,010	7,033,669

Other receivables	184,942	60,226
Loans receivable	29,156,394	27,150,487
Amount due from related parties	1,996,190	1,799,747
Assets held for sale, current	-	10,252,085
Total current assets	<u>83,841,763</u>	<u>66,250,385</u>
NON-CURRENT ASSET		
Property and equipment, net	1,462,795	1,459,760
Deferred tax assets	105,845	238,228
Deposits	834,307	922,434
Goodwill	41,109,592	19,079,839
Assets held for sale, non-current	-	9,348,639
Total non-current asset	<u>43,512,539</u>	<u>31,048,900</u>
Total assets	<u>\$ 127,354,302</u>	<u>\$ 97,299,285</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank borrowings	\$ 6,809,651	\$ 9,355,398
Accounts and notes payable	18,431,506	6,932,212
Other payables and accrued liabilities	33,568,108	14,300,067
Amount due to related parties	8,211,968	6,108,866
Tax payable	2,199,851	2,374,260
Current maturities of long-term bank borrowings	391,178	586,935
Current portion of financing obligations	9,529	52,584
Current maturities of loans from other financial institutions	13,054,470	-
Liabilities held for sale, current	-	8,074,978
Total current liabilities	<u>82,676,261</u>	<u>47,785,299</u>
NON-CURRENT LIABILITIES		
Long-term bank borrowings	121,088	253,352
Liabilities held for sale, non-current	-	1,158,642
Total non-current liabilities	<u>121,088</u>	<u>1,411,994</u>
Total liabilities	<u>82,797,349</u>	<u>49,197,293</u>
SHAREHOLDERS' EQUITY		
Ordinary shares: \$0.001 par value, 50,000,000 shares authorized, 27,529,372 and 22,960,277 shares issued and outstanding as of		
December 31, 2023 and 2022, respectively	27,529	22,960
Share subscription receivables	(847,086)	(847,086)
Additional paid-in capital	41,220,949	41,734,546
Statutory reserves	890,021	1,036,841
Retained earnings	4,901,797	7,704,538
Accumulated other comprehensive loss	(1,636,257)	(1,549,807)
Total shareholders' equity	<u>44,556,953</u>	<u>48,101,992</u>
Total liabilities and shareholders' equity	<u>\$ 127,354,302</u>	<u>\$ 97,299,285</u>

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

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MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

	For the Year Ended December 31,		
	2023	2022	2021
	USD	USD	USD
Revenues	\$ 89,002,243	\$ 63,515,071	\$ 17,358,914
Costs and expenses			
Costs of trucking services	66,540,754	34,789,989	15,428,131
Costs of liquor distributions	48,238	-	2,050,954
Costs of car owner services	19,339,145	26,009,485	
General and administrative expenses	1,865,856	2,706,303	
Sales and marketing expenses	359,352	109,346	367,633
Total costs and expenses	<u>88,153,345</u>	<u>63,615,123</u>	<u>17,846,718</u>
Income (loss) from operations	<u>848,898</u>	<u>(100,052)</u>	<u>(487,804)</u>
Other (expenses) income			
Interest expenses	(450,323)	(789,306)	(396,188)
Other expenses	(33,372)	(45,522)	(360,032)
Other income	268,454	1,102,722	441,025
Total other expenses, net	<u>(215,240)</u>	<u>267,894</u>	<u>(315,195)</u>
Income (loss) before income taxes	<u>633,658</u>	<u>167,842</u>	<u>(802,999)</u>
Provision for income taxes	268,567	226,169	135,414

Net income (loss) from continuing operations	365,091	(58,327)	(938,413)
Discontinued operations			
Loss on disposal of discontinued operations	(7,437,854)	-	-
Income taxes expenses from discontinued operations	(5,357)	(303,873)	-
Income/(loss) from discontinued operations	(2,501,640)	2,258,388	-
(Loss)/income from discontinued operations (including loss on disposal of \$7,437,854)	(9,944,851)	1,954,515	-
Net income (loss)	(9,579,760)	1,896,188	(938,413)
Other comprehensive income (loss)			
Foreign currency translation adjustment	(86,450)	(1,409,431)	(640,974)
Comprehensive income (loss)	<u>\$ (9,666,210)</u>	<u>\$ 486,758</u>	<u>\$ (1,579,387)</u>
Weighted average shares used in computation:			
Basic	25,701,734	21,429,877	19,035,038
Diluted	<u>25,157,299</u>	<u>20,885,442</u>	<u>15,237,432</u>
Basic earnings (loss) per share:			
Continuing operations	\$ 0.01	\$ -	\$ (0.05)
Discontinued operations	(0.38)	0.09	-
Earnings per share - basic	<u>(0.37)</u>	<u>0.09</u>	<u>(0.05)</u>
Diluted earnings (loss) per share:			
Continuing operations	\$ 0.01	-	\$ (0.06)
Discontinued operations	(0.39)	0.09	-
Earnings per share - diluted	<u>(0.38)</u>	<u>0.09</u>	<u>(0.06)</u>

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

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MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Shares	Amount	Share Subscription Receivables	Additional Paid-in Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	USD	USD	USD	USD	USD	USD	USD	USD
BALANCE, December 31, 2020	12,354,040	\$ 12,354	\$ (847,086)	\$ 13,824,820	\$ 877,886	\$ 6,905,718	\$ 500,598	\$ 21,274,290
Issuance of shares	6,780,237	6,780	-	21,971,931	-	-	-	21,978,711
Net (loss) for the year	-	-	-	-	-	(938,413)	-	(938,413)
Foreign currency translation adjustment	-	-	-	-	-	-	(640,974)	(640,974)
Appropriation to statutory reserves	-	-	-	-	38,262	(38,262)	-	-
BALANCE, December 31, 2021	19,134,277	\$ 19,134	\$ (847,086)	\$ 35,796,751	\$ 916,148	\$ 5,929,043	\$ (140,376)	\$ 41,673,614
Net income for the year	-	-	-	-	-	1,896,188	-	1,896,188
Foreign currency translation adjustment	-	-	-	-	-	-	(1,409,431)	(1,409,431)
Appropriation to statutory reserves	-	-	-	-	120,693	(120,693)	-	-
Issuance of shares for acquisition	3,826,000	3,826	-	5,937,795	-	-	-	5,941,621
BALANCE, December 31, 2022	22,960,277	\$ 22,960	\$ (847,086)	\$ 41,734,546	\$ 1,036,841	\$ 7,704,538	\$ (1,549,807)	\$ 48,101,992
Net loss for the year	-	-	-	-	-	(9,579,760)	-	(9,579,760)
Foreign currency translation adjustment	-	-	-	-	-	-	(86,450)	(86,450)
Appropriation to statutory reserve	-	-	-	-	(146,820)	146,820	-	-
Issuance of shares for acquisition	4,569,095	4,569	-	(513,597)	-	-	-	(509,028)
Effect of discontinued operation on equity	-	-	-	-	-	6,630,199	-	6,630,199
BALANCE, December 31, 2023	<u>27,529,372</u>	<u>\$ 27,529</u>	<u>\$ (847,086)</u>	<u>\$ 41,220,949</u>	<u>\$ 890,021</u>	<u>\$ 4,901,797</u>	<u>\$ (1,636,257)</u>	<u>\$ 44,556,953</u>

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

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MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended December 31,		
2023	2022	2021
USD	USD	USD
		Reclassification

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ (9,579,760)	\$ 1,896,188	\$ (938,413)
Net loss/(income) from discontinued operations, net of tax	9,944,851	(1,954,515)	-
Adjustments to reconcile net loss to net cash (used in)/provided by operating activities:		-	
Loss (Gain) on disposals of equipment	(89,943)	679,635	(25,070)
Allowance for credit losses	(521,454)	814,882	140,204
Written-off of allowance for credit losses	-	-	136,602
Amortization of deferred financing fees	106	223,904	55,640
Depreciation for property and equipment	878,565	2,193,898	1,438,310
Deferred income tax (benefit) expenses	(115,593)	(187,201)	(2,832)
Changes in operating assets and liabilities:		-	
Accounts receivable	(15,080,021)	(370,912)	1,633,476
Prepayments	(8,861,530)	4,446,773	(3,838,690)
Other receivables	(89,881)	7,335,742	3,444,875
Loans receivable	(3,040,646)	(16,621,319)	(11,070,827)
Deposits	77,456	(99,445)	(9,470,731)
Accounts payable	11,118,176	1,686,462	(874,843)
Other payables and accrued liabilities	3,117,965	(6,833,769)	(2,989,501)
Tax payables	(109,648)	126,848	(1,422,362)
Net cash provided/(used in) by continuing operating activities	(12,351,357)	(6,662,829)	(23,784,162)
Net cash provided/(used in) by discontinued operating activities	2,271,892	2,708,874	-
Net cash provided/(used in) operating activities	(10,079,465)	(3,953,955)	(23,784,162)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment	-	(12,243)	(199,481)
Proceeds from disposal of equipment	89,950	24,906	-
Cash from acquisition of subsidiary	-	2,714,240	1,477,065
Net cash provided/(used in) by continuing investing activities	89,950	2,726,903	1,277,584
Net cash provided/(used in) by discontinued investing activities	-	-	-
Net cash provided/(used in) investing activities	89,950	2,726,903	1,277,584

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term bank borrowings	2,896,570	20,528,594	6,665,840
Repayment of short-term bank borrowings	(5,178,651)	(17,070,793)	(7,433,187)
Proceeds from long-term bank borrowings	242,864	444,345	465,059
Repayment of long-term bank borrowings	(547,485)	(92,594)	(22,146)
Proceeds from other financial institutions	14,290,807	-	-
Repayments of loans from other financial institutions	(1,250,461)	-	(300,279)
Repayments of obligations under finance leases	(40,151)	(417,165)	(98,972)
Amounts advanced from related parties	3,672,219	949,020	6,787,477
Repayments to related parties	(2,047,951)	(1,455,845)	(7,864,254)
Proceeds from private placement	-	-	18,465,009
Net cash provided/(used in) by continuing financing activities	12,037,761	2,885,562	16,664,547
Net cash provided/(used in) by discontinued financing activities	(3,484,697)	(2,092,305)	-
Net cash provided/(used in) financing activities	8,553,064	793,257	16,664,547
Effect of exchange rate change on cash and restricted cash	(8,585)	368,989	(11,477)
Net (decrease) increase in cash and restricted cash	(1,682,571)	(64,806)	(5,853,508)
Cash, restricted cash at beginning of the year	5,687,311	5,752,117	11,605,625
Cash, restricted cash at end of the year	4,004,740	\$ 5,687,311	5,752,117
Less: Cash and restricted cash of discontinued operations at end of the year	328,358	1,834,006	-
Cash and restricted cash of continuing operations at end of the year	\$ 3,676,382	\$ 3,853,305	\$ 5,752,117

Supplemental disclosure of cash flow information:

Interest paid	\$ 611,713	\$ 290,107	\$ 396,187
Income tax paid	\$ 195,237	\$ 77,177	\$ 1,435,366

Supplemental non-cash investing and financing information:

Non-cash capital leases to acquire revenue equipment	\$ 52,977	\$ -	\$ 102,054
Uncollected receivable from disposal of revenue equipment	\$ -	\$ -	\$ 175,215

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

MINGZHU LOGISTICS HOLDINGS LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(In U.S. Dollars, unless stated otherwise)

Note 1 – Nature of business and organization

MingZhu Logistics Holdings Limited ("MingZhu Cayman") is a holding company incorporated in the Cayman Islands on January 2, 2018 under the laws of the Cayman Islands. The Company are engaged in various businesses through our subsidiaries and controlled entities in China.

On December 30, 2023, the Company disposed the entirety of its interest in Cheyi Network, which conduct car-hailing and driver management services, by entering into a VIE Termination Agreement whereby the Cheyi WFOE and Cheyi terminated the Master Exclusive Service Agreement, Business Cooperation Agreement, Proxy Agreement, Exclusive Option Agreement, Equity Interest Pledge Agreement and Letter of Confirmation and Undertaking. Following the termination, the Company received no new income from Cheyi BVI and had no further involvement or continuing influence over its operations. Effective December 30, 2023, on the date of termination, the Company determined that the Company met the "held for sale" criteria and the "discontinued operations" criteria in accordance with Financial Accounting Standard Boards ("FASB") Accounting Standards Codification ("ASC") 205, Presentation of Financial Statements, ("FASB ASC 205"). Please refer to Note 3, "Discontinued Operations" for further information about the discontinued businesses. The Consolidated Financial Statements were restated for all periods presented to reflect the discontinuation of the car-hailing and driver management services business in accordance with FASB ASC 205. The discussion in the notes to these Consolidated Financial Statements, unless otherwise noted, relate solely to the Company's

continuing operations.

Reorganization

A reorganization of the Company's legal structure was completed on April 13, 2018. The reorganization involved the incorporation of MingZhu Cayman, and its wholly-owned subsidiaries, MingZhu BVI, and MingZhu HK; and the transfer of all equity ownership of Shenzhen Yangang Mingzhu Freight Industry Co., Ltd ("MingZhu") to MingZhu HK from the former shareholders of MingZhu. In consideration of the transfer, the Company issued 1,000 shares of the Company with par value \$0.001 (HKD 0.01) per share to the former shareholders of MingZhu.

On April 13, 2018, the former shareholders transferred their 100% ownership interest in MingZhu to MingZhu HK, which is 100% owned by MingZhu Cayman through MingZhu BVI. After the reorganization, MingZhu Cayman owns 100% equity interests of MingZhu BVI, MingZhu HK and MingZhu. The controlling shareholder of MingZhu Cayman is same as of MingZhu prior to the reorganization.

MingZhu was incorporated on July 10, 2002 in Shenzhen, Guangdong under the laws of the PRC. Shenzhen Pengcheng Shengshi Logistics Co., Ltd. ("MingZhu Pengcheng"), a company providing trucking services, was incorporated on April 7, 2010 in Shenzhen, Guangdong under the laws of the PRC. Prior to the reorganization, MingZhu and MingZhu Pengcheng were under common control. On November 10, 2017, for the purpose of reorganization so that the business of the Company could be rearranged to be under a common holding company, the entire equity interest of MingZhu Pengcheng was transferred to MingZhu.

These two transactions were between entities under common control, and therefore accounted for in a manner similar to the pooling of interest method. Under the pooling-of-interests method, combination between two businesses under common control is accounted for at carrying amounts with retrospective adjustment of prior period financial statements, and the equity accounts of the combining entities are combined and the difference between the consideration paid and the net assets acquired is reflected as an equity transaction (i.e., distribution to parent company). As opposed to the purchase method of accounting, no intangible assets are recognized in the transaction, and no goodwill is recognized as a result of the combination.

On September 5, 2018, MingZhu HK established its wholly-owned subsidiary, Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd ("MingZhu Management"), a PRC company. MingZhu Management engages in providing transportation and supply chain management services.

With the effect of resolutions passed by board of directors on February 12, 2020, the authorized number of ordinary shares increased from 38,000,000 to 50,000,000 with a par value of \$0.001 instead of HKD 0.01 and the issued number of ordinary shares increased from 1,000 to 9,250,000 with a par value of \$0.001 instead of HKD 0.01. With the effect of resolution passed by board of directors on May 21, 2020, the issued number of ordinary shares decreased from 9,250,000 to 9,000,000. As of the date hereof, the authorized number of ordinary shares is 50,000,000 with a par value of \$0.001 and the issued number of ordinary shares is 9,000,000.

On October 21, 2020, the Company completed the initial public offering ("IPO") of 3,000,000 ordinary shares at a public offering price of US\$4.00 per share.

On October 30, 2020, the underwriter and sole book-runner of our underwritten IPO, exercised the partial over-allotment option and purchased an additional 350,000 ordinary shares of the Company at the IPO price of US\$4.00 per share.

On December 4, 2020, the underwriter and sole book-runner of our underwritten IPO, further exercised the partial over-allotment option and purchased an additional 4,040 ordinary shares of the Company at the IPO price of US\$4.00 per share.

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On March 12, 2021, the Company closed its direct public offering of 3,333,335 units of its securities (each, a "Unit"), with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share. The Company sold the Units at a price of \$6.00 per Unit. The Company received gross proceeds from the Offering, before deducting estimated offering expenses payable by the Company, of approximately \$18,000,000.

On April 21, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 214,286 ordinary shares of the Company with no cash in consideration.

On June 14, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 43,616 ordinary shares of the Company with no cash in consideration.

On December 29, 2021 ("Acquisition Date"), the Company entered into a Share Purchase Agreement (the "SPA") to acquire 100% of the equity interest of Cheyi (BVI) Limited (the "Cheyi BVI") which operates its business through its subsidiary Zhejiang Cheyi Network Technology Co., Ltd. (the "Cheyi Network"), an integrated online car-hailing and driver management services company. Pursuant to the agreement, the total consideration for the acquisition of 100% equity ownership of Cheyi BVI is an aggregate of U.S. \$23,470,712, consisting of the issuance by the Company to the shareholders of Cheyi BVI an aggregate of 3,189,000 fully paid Company's ordinary shares (being U.S. \$6,760,680 of \$2.12 per share) and payment of \$2,000,000 at closing, and Year-2021 earnout payment of U.S. \$8,826,019 and Year-2022 earnout payment of U.S. \$5,884,013 if the Cheyi BVI's audited net income for its fiscal year 2021 and 2022 is no less than U.S. \$3,000,000 respectively. The two earnout payments are due 13 months upon the delivery of Cheyi BVI's audited financial statements.

The transaction was accounted for in accordance with the provisions of ASC 805-10, Business Combinations. The values assigned in these financial statements represent management's best estimate of fair values as of the Acquisition Date.

As required by ASC 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, management conducted a review to reassess whether they identified all the assets acquired and all the liabilities assumed and followed ASC 805-20's measurement procedures for recognition of the fair value of net assets acquired. According to ASC 820, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets as the most reliable fair value measurement, and the lowest priority to unobservable inputs. According to ASC 820-10-35-41, the valuation of shares issued in the acquisitions and purchase consideration is recognized on the quoted trading price of the Company's ordinary shares on the date of acquisitions. The quoted closing prices for the Company's ordinary shares on NASDAQ on the dates of the acquisitions of Cheyi BVI was \$2.12 per share.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities

Accounts receivable, net	\$	216,572
Prepayments		575,913
Others receivable		4,761,164
Equipment, net		9,980,931
Deferred tax assets		10
Deposits		595,149
Short-term bank borrowings		(1,647,679)
Accounts and notes payable		(803,784)

Others payable and accrued liabilities	(1,631,611)
Tax payable	(1,859,485)
Capital lease and financing obligations	(2,351,104)
Total identifiable net assets	7,836,077
Add: Goodwill	14,157,570
Total purchase price for acquisition net of \$1,477,065 of cash	\$ 21,993,647

On March 14, 2022, the Company entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua.

Under terms of the share purchase agreement, we shall pay \$10,076,600 in exchange for 100% equity of Yinhua. Of the total consideration to be paid, \$7,078,100 shall be paid in form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share of the Company, and \$1,000,000 upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022.

Founded in 2018, Yinhua provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Yinhua develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, the Company acquired 100% shares outstanding of the Yinhua, and the Company issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

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As required by ASC 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, management conducted a review to reassess whether they identified all the assets acquired and all the liabilities assumed, and followed ASC 805-20's measurement procedures for recognition of the fair value of net assets acquired. According to ASC 820, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets as the most reliable fair value measurement, and the lowest priority to unobservable inputs. According to ASC 820-10-35-41, the valuation of shares issued in the acquisitions and purchase consideration is recognized on the quoted trading price of the Company's ordinary shares on the date of acquisitions. The quoted closing prices for the Company's ordinary shares on NASDAQ on the dates of the acquisitions of Yinhua was \$1.85 per share.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Accounts receivable, net	\$ 4,519,839
Prepayments	8,050,558
Equipment, net	3,504
Deferred tax assets	16,415
Short-term bank borrowings	(193,339)
Others payable and accrued liabilities	(7,685,086)
Tax payable	(1,126,777)
Total identifiable net assets	3,585,114
Goodwill	5,364,709
Total purchase price for acquisition net of \$1,126,777 of cash	\$ 8,949,823

On December 21, 2022, the Company entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, the Company acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

On December 21, 2022, the Company entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, the Company acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a targeted net income of US\$2.4 million during the calendar year 2023.

On December 21, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares of the Feipeng BVI, and we paid \$9,550,000 in cash to the sellers.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Accounts receivable, net	\$ 3,746,298
Prepayments	550,944
Other receivables	246,748
Equipment, net	123,446
Deposits	610,393
Accounts payable	(1,546,037)
Short-term bank borrowings	(1,884,823)
Others payable and accrued liabilities	(1,383,077)
Amount due to related parties	(1,552,719)
Tax payable	(21,589)
Total identifiable net liabilities	(1,110,416)
Goodwill	13,715,130
Total purchase price for acquisition net of \$1,935,722 of cash	\$ 12,604,714

The Company has included the operating results of Feipeng BVI in its consolidated financial statements since the Acquisition Date. \$nil in net sales and \$nil in net income of Feipeng BVI were included in the consolidated financial statements for the years ended December 31, 2022.

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On May 26, 2023, the Company entered into a Share Purchase Agreement with the Alliance BVI, which is engaged in liquor distribution via its VIE, and each of the shareholders of the Alliance BVI. Under terms of the share purchase agreement, the Company shall pay \$21,292,948 in exchange for 100% equity of Alliance BVI. Of the total consideration to be paid, \$5,208,768 shall be paid in form of 4,569,095 newly issued ordinary shares of the Company, representing \$1.14 per ordinary share of the Company upon closing. In addition, a cash amount of \$8,042,090 shall be paid if Alliance BVI achieves a net income target threshold of \$2.0 million during the calendar year of 2024 and 2025, respectively.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Prepayments	\$	1,587,580
Other receivables		106,839
Inventory		29,846
Property and equipment, net		868,434
Others payable and accrued liabilities		(3,326,020)
Tax payable		(3,483)
Total identifiable net liabilities		(736,805)
Goodwill		22,029,753
Total purchase price for acquisition net of \$0 of cash	\$	21,292,948

The Company has included the operating results of Alliance BVI in its consolidated financial statements since the Acquisition Date. \$1,154,091 in net sales and \$427,171 in net income of Alliance BVI were included in the consolidated financial statements for the years ended December 31, 2023.

As of December 31, 2022, the authorized number of ordinary shares is 50,000,000 with a par value of \$0.001 and the issued number of ordinary shares is 27,529,372.

Note 2 – Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and VIE's subsidiaries for which the Company exercises control and, when applicable, entities for which the Company has a controlling financial interest or the ultimate primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power, has the power to appoint or remove the majority of the members of the board of directors, to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

All transactions and balances between the Company, its subsidiaries, VIE and VIE's subsidiaries have been eliminated upon consolidation.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

The accompanying consolidated financial statements reflect the activities of the Company and each of the following entities:

Name	Background	Ownership
MingZhu Investment Limited ("MingZhu BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on January 15, 2018 • A holding company 	100% directly owned by MingZhu Cayman
YGMZ (Hong Kong) Limited ("MingZhu HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on February 2, 2018 • A holding company 	100% directly owned by MingZhu BVI
Shenzhen Yangang Mingzhu Freight Industry Co., Ltd ("MingZhu" or "Mingzhu")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on July 10, 2002 • Providing trucking services 	100% directly owned by MingZhu HK
Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd ("MingZhu Management")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on September 5, 2018 • Transportation and supply chain management services 	100% directly owned by MingZhu HK
Shenzhen Pengcheng Shengshi Logistics Co., Ltd ("MingZhu Pengcheng")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on April 7, 2010 • Providing trucking services 	100% directly owned by MingZhu
Cheyi (BVI) Limited ("Cheyi BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on September 29, 2021 • A holding company 	100% directly owned by MingZhu Cayman
Cheyi (Hong Kong) Limited ("Cheyi HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on October 22, 2021 • A holding company 	100% directly owned by Cheyi BVI

Ningbo Cheyi Corporate Information Consulting Co., Ltd. ("Ningbo Cheyi" or Cheyi WFOE)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 2, 2021 • A holding company 	100% directly owned by Cheyi HK
Yinhua (BVI) Limited ("Yinhua")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on November 12, 2021 • A holding company 	100% directly owned by MingZhu Cayman
Yinhua (HK) Limited ("Yinhua HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on December 1, 2021 • A holding company 	100% directly owned by Yinhua
Zhejiang Caiyunlian Technology Co. Ltd. ("Yinhua WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on January 7, 2021 • A holding company 	100% directly owned by Yinhua HK

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Hainan Zhisheng Automobile Services Co., Ltd. ("Zhisheng")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on September 13, 2018 • A comprehensive auto related service platform to serve auto insurance companies 	100% owned by Yinhua WFOE via contractual arrangements
Feipeng Global Limited ("Feipeng BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on March 17, 2022 • A holding company 	100% directly owned by MingZhu Cayman
Feipeng Enterprises (HK) Limited ("Feipeng HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on April 27, 2022 • A holding company 	100% directly owned by Feipeng BVI
Shenzhen Feipeng Zongheng Supply Chain Management Co., Ltd. ("Feipeng WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on September 13, 2022 • A holding company 	100% directly owned by Feipeng HK
Xinjiang Feipeng Logistics Co., Ltd. ("Feipeng")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on July 3, 2014 • A regional trucking services provider 	100% owned by Feipeng WFOE via contractual arrangements
Liquor Alliance Investment (BVI) Limited ("Alliance BVI")	<ul style="list-style-type: none"> • A British Virgin Islands company • Incorporated on April 28, 2023 • A holding company 	100% directly owned by MingZhu Cayman
Alliance Liquor Investment (HK) Limited ("Alliance HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on March 17, 2023 • A holding company 	100% directly owned by Alliance BVI
Xiamen Alliance Management Consulting Co., Ltd. ("Alliance WFOE")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on May 5, 2023 • A holding company 	100% directly owned by Alliance HK
Xiamen Alliance Liquor Industry Group Co., Ltd. ("Liquor Alliance")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 24, 2021 • A liquor distributor 	100% directly owned by Alliance WFOE

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Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in the Company's consolidated financial statements include the useful lives of property and equipment, impairment of long-lived assets, the fair value of the reporting unit for the goodwill impairment test, allowance for credit losses, provision for contingent liabilities, revenue recognition, deferred taxes and uncertain tax position. Actual results could differ from these estimates.

Foreign currency translation and transaction

The functional currencies of the Company are the local currency of the country in which the subsidiaries operate. The reporting currency of the Company is the United States Dollars ("U.S. dollar"). The results of operations and the consolidated statements of cash flows denominated in foreign currencies are translated at the average rates of exchange during the reporting period. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currencies is translated at the historical rates of exchange at the time of capital contributions. Because cash flows are translated based on the average translation rates, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income included in consolidated statements of changes in shareholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency in the consolidated statement of income and comprehensive income.

The functional currency of entities incorporated in Cayman and BVI is U.S. dollar. The functional currency of entities incorporated in Hong Kong is the Hong Kong dollar ("HKD"). The Company's subsidiaries with operations in PRC uses the local currency, Renminbi ("RMB"), as their functional currencies. An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management's judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements.

For the purpose of presenting the financial statements of subsidiaries using RMB as functional currency, the Company's assets and liabilities are expressed in U.S. dollar at the exchange rate on the balance sheet date, which is 7.0999, 6.8972 and 6.3726 as of December 31, 2023, 2022 and 2021, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period, which is 7.0809, 6.7290 and 6.4508 for the years ended December 31, 2023, 2022 and 2021, respectively.

For the purpose of presenting the financial statements of the subsidiary using HKD as functional currency, the Company's assets and liabilities are expressed in U.S. dollar at the exchange rate on the balance sheet date, which is 7.8109, 7.8015 and 7.7996 as of December 31, 2023, 2022 and 2021, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period, which is 7.8292, 7.8306 and 7.7727 for the years ended December 31, 2023, 2022 and 2021, respectively.

Cash

Cash comprises of cash at banks and on hand, which includes deposits with original maturities of three months or less with commercial banks in PRC. As of December 31, 2023 and 2022, cash were held in accounts at financial institutions located in the PRC, which is not freely convertible into foreign currencies. In addition, these balances are not covered by insurance. While management believes that these financial institutions are of high credit quality, it also continually monitors their creditworthiness. The Company and its subsidiaries have not experienced any losses in such accounts and do not believe the cash is exposed to any significant risk.

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Accounts Receivable and allowance for credit loss

Accounts receivables are stated and carried at original invoiced amount. Accounts are considered overdue after 180 days. From January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including accounts receivable.

The Company adopted ASC Topic 326 using the modified retrospective method in scope of the standard. Results for reporting periods beginning after January 1, 2023 are presented under ASC Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a decrease to opening retained earnings of \$nil as of January 1, 2023 due to the cumulative impact of adopting ASC Topic 326. Upon adoption, the Company recorded \$1,033,204 of recovery of credit loss for the year ended December 31, 2023.

The Company uses simplified flow rate matrix approach to estimate expected credit losses for the accounts receivable. The allowance for credit loss is estimated for accounts receivable that share similar risk characteristics based on a collective assessment using a combination of measurement models and management judgment. The approach considers factors including historical ageing schedule and forward-looking macroeconomic conditions.

Prepayments and Deposits

Prepayments are cash deposited or advanced to suppliers for purchasing goods or services that have not been received or provided and deposits made to the Company's customers and landlord. This amount is refundable and bears no interest. Prepayment and deposit are classified as either current or non-current based on the terms of the respective agreements. These advances are unsecured and are reviewed periodically to determine whether their carrying value has become impaired.

Other receivables

Other receivables primarily include short-term interest-free advances made to third parties, rental receivables and receivables for disposal of equipment. Management reviews its other receivables on a regular basis to determine if the allowance is adequate, and adjusts the allowance when necessary. The allowance is based on management's best estimate of specific losses on individual exposures, as well as a provision on historical trends of collections and utilizations. Actual amounts received or utilized may differ from management's estimate of credit worthiness and the economic environment. Accounts considered uncollectable are written off against allowances after exhaustive efforts at collection are made. The allowance for credit losses of other receivables were insignificant as of December 31, 2022 and 2023, respectively.

Property and equipment, net

Property and equipment are stated at cost net of accumulated depreciation and impairment. Depreciation is provided over the estimated useful lives of the assets using the straight-line method from the time the assets are placed in service, after considering the estimated residual value which is 5% of costs. Estimated useful lives are as follows:

Classification	Estimated Useful Life
Buildings and improvements	10 years
Computer and office equipment	3-5 years
Revenue equipment— trucking*	5 years

* Revenue equipment – trucking are trucks and trailers only used for providing trucking services.

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the consolidated statements of income and comprehensive income. Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to earnings as incurred, while additions, renewals and betterments, which are expected to extend the useful life of assets, are capitalized. The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives.

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We sell and lease back certain of our revenue equipment for obtaining working capital. As a result of our continued involvement, for accounting purposes in accordance with ASC

606-10-55-68, these sale and leaseback transactions are considered a financing rather than a sale. Therefore, for purposes of our Consolidated Balance Sheets, as of December 31, 2023 and 2022, \$9,529 and \$757,088 was recorded to "Current portion of capital lease and financing obligations", respectively; \$0 and \$1,158,642 was recorded to "Long-term portion of capital lease and financing obligations", respectively.

Impairment of long-lived assets

Long-lived assets, including property and equipment are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company will reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. For the years ended December 31, 2023, 2022 and 2021, no impairment of long-lived assets was recognized.

Fair Value Measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Financial instruments included in current assets and current liabilities are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

Interest rates that are currently available to the Company for issuance of long-term debt and capital lease with similar terms and remaining maturities are used to estimate the fair value of the Company's long-term debt. The fair value of the Company's long-term debt approximated the carrying value as at December 31, 2023 and 2022, as the weighted average interest rate on these long-term debt approximates the market rate for similar debt.

Share subscription receivables

Share subscription receivables represent unpaid capital contribution from the Company's shareholders.

Claims accruals

With respect to cargo loss and auto liability, the Company maintains insurance coverage to protect it from certain business risks. Claims accruals represent the uninsured portion of pending claims including estimates of adverse development of known claims, plus an estimated liability for incurred but not reported claims. Upon settling claims and expenses associated with claims where it has third party coverage, the Company is generally required to initially fund payment to the claimant and seek reimbursement from the insurer.

The Company shall be responsible for any loss or damages to the goods entrusted to it or any loss or damage or personal injury happened in the course of the Company's provision of relevant trucking services. As at the date of this report the Company maintained an adequate insurance coverage in relation to the trucking services to be delivered to its customers and third-party liability. The Company has also maintained sufficient workers' compensation for its employees.

Revenue Recognition

For the year ended December 31, 2023, revenues are mainly generated from provision of trucking services, car owner services, and liquor distribution services. All revenues are accounted for under ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for such products or services.

Revenues under ASC 606

The core principle of the ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company elected the modified retrospective method which required a cumulative adjustment to retained earnings instead of retrospectively adjusting prior periods. The adoption of ASC 606 did not have material impact on the Company's consolidated financial statements.

The management have determined that revenue recognition over the transit period provides a reasonable estimate of the provision of services to our customers as our obligation is performed over the transit period.

We utilize independent contractors in the performance of certain services. While various ownership arrangements may exist for the equipment utilized to perform these services, revenue is generated from the same base of customers. We evaluate whether our performance obligation is a promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. Our evaluation determined that we are in control of establishing the transaction price, managing all aspects of the services process and taking the risk of failure of provision of services. Based on our evaluation of the control model, we determined that all of our major businesses act as the principal rather than the agent within their revenue arrangements and such revenues are reported on a gross basis.

The Company applies the practical expedient in ASC 606 that permits the Company not to disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the period as the Company's contracts have an expected length of one year or less. The Company also applies the practical expedient in ASC 606 that permits the recognition of incremental costs of obtaining contracts as an expense when incurred if the amortization period of such costs is one year or less.

The Company's performance obligations represent the transaction price allocated to future reporting periods for services started but not completed at the reporting date. This includes the unbilled amounts and accrued costs for services provision in transit.

Disaggregated information of revenues by types are as follows:

	2023	2022	2021
Trucking services	\$ 68,400,751	\$ 36,461,922	\$ 17,358,914
Car owner services	19,447,401	27,053,149	-
Liquor distribution	1,154,091	-	-
Total revenues	\$ 89,002,243	\$ 63,515,071	\$ 17,358,914

The revenue derived from car owner services are primarily provided by the Yinhua and its subsidiaries, which is acquired by the Company on March 14, 2022. In accordance with the ASC-805, the Company only is able to account the revenue generated by Yinhua and its subsidiaries after the acquisition is completed. The Company had carefully evaluated the amount of such revenue generated by Yinhua and its subsidiaries with reasonable estimates.

The revenue derived from liquor distribution are primarily provided by the Liquor Alliance, which is acquired by the Company on May 26, 2023. In accordance with the ASC-805, the Company only is able to account the revenue generated by Liquor Alliance after the acquisition is completed. The Company had carefully evaluated the amount of such revenue generated by Liquor Alliance with reasonable estimates.

Costs of trucking services

The transportation costs primarily consist of fuel expenses, highway bridge expenses, insurance expenses, drivers' wages, maintenance and repairs expenses, subcontractor fees, depreciation expenses and other expenses.

Costs of car owner services

The costs of car owner services mainly include technical services expenses and subcontractor fees.

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Costs of liquor distribution services

The costs of liquor distribution services mainly include costs of purchasing liquor.

Sales and marketing expenses

Sales and marketing expenses primarily include advertising costs. Advertising costs are expensed as incurred and amounted to \$359,352, \$109,346, and \$367,633 for the years ended December 31, 2023, 2022 and 2021, respectively.

Employee benefit

The full-time employees of the Company are entitled to staff welfare benefits including medical care, housing fund, pension benefits, unemployment insurance and other welfare, which are government mandated defined contribution plans. The Company is required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. Total expenses for the plans were \$128,880, \$847,666, \$31,145 for the years ended December 31, 2023, 2022 and 2021, respectively.

Value added taxes

The Company is subject to value added tax ("VAT"). Revenue from provision of trucking services, liquor distribution and car owner services are generally subject to VAT at the rate of 13%, 9%, 6% and 6%. The Company is entitled to a refund for VAT already paid on goods and services purchased. The VAT balance is recorded in tax payables on the audited consolidated balance sheets. Revenues are presented net of applicable VAT.

Income taxes

The Company accounts for income taxes in accordance with the laws of the relevant tax authorities. The charge for taxation is based on the results for the fiscal year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized, or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. No penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

Comprehensive income (loss)

Comprehensive income (loss) consists of two components, net income (loss) and other comprehensive income (loss). Other comprehensive (loss) income refers to revenue, expenses, gains and losses that under GAAP are recorded as an element of shareholders' equity but are excluded from net income. Other comprehensive income (loss) consists of a foreign currency translation adjustment resulting from the Company not using the U.S. dollar as its functional currencies.

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Earnings per share

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share". ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average ordinary shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. For the years ended December 31, 2023, 2022 and 2021, the diluted EPS was -0.38, 0.09, and -0.06, respectively.

Statutory Reserves

Pursuant to the laws applicable to the PRC, PRC entities must make appropriations from after-tax profit to the non-distributable "statutory surplus reserve fund". Subject to certain cumulative limits, the "statutory surplus reserve fund" requires annual appropriations of 10% of after-tax profit until the aggregated appropriations reach 50% of the registered capital (as determined under accounting principles generally accepted in the PRC ("PRC GAAP") at each year-end). For foreign invested enterprises and joint ventures in the PRC, annual appropriations should be made to the "reserve fund". For foreign invested enterprises, the annual appropriation for the "reserve fund" cannot be less than 10% of after-tax profits until the aggregated appropriations reach 50% of the registered capital (as determined under PRC GAAP at each year-end). If the Company has accumulated loss from prior periods, the Company is able to use the current period net income after tax to offset against the accumulate loss.

Commitments and Contingencies

In the normal course of business, the Company is subject to contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, such as government investigations and tax matters. The Company recognizes a liability for such contingency if it determines it is probable that a loss has occurred, and a reasonable estimate of the loss can be made. The Company may consider many factors in making these assessments including historical and the specific facts and circumstances of each matter.

Segment Reporting

Before the completion of acquisition of Alliance BVI, Yinhua and Feipeng BVI

The Company's chief operating decision maker ("CODM") has been identified as its CEO, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reporting. The Company's long-lived assets are substantially all located in the PRC and all of the Company's revenues are derived from the PRC.

After the completion of acquisition of Alliance BVI, Yinhua and Feipeng BVI

The Company's CODM has been identified as its CEO, who reviews the financial results when making decisions about allocating resources and assessing performance of the trucking business, car-hailing driver management services business car owner services business, and liquor distribution services separately and therefore, the Company has four reportable segments. The Company's long-lived assets are substantially all located in the PRC and all of the Company's revenues are derived from the PRC.

Recent issued Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"). This ASU requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendments improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. The amendments are effective for the Company beginning after December 15, 2023, and are applied prospectively to business combinations that occur after the effective date. The Company does not expect the adoption of ASU 2021-04 will have a material effect on the consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, which is an update to Topic 280, Segment Reporting. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this update: (1) require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (collectively referred to as the "significant expense principle"), (2) Require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss, (3) Require that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods, and (4) Clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity's consolidated financial statements. In other words, in addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles (GAAP), a public entity is not precluded from reporting additional measures of a segment's profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources, (5) Require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (6) Require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this Update and all existing segment disclosures in Topic 280. The amendments in this Update also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We are evaluating the effect this guidance will have on our segment disclosures.

In December 2023, the FASB issued ASU 2023-09, which is an update to Topic 740, Income Taxes. The amendments in this update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The amendments allow investors to better assess, in their capital allocation decisions, how an entity's worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. 5 The other amendments in this Update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (SEC) Regulation S-X 210.4-08(h), Rules of General Application—General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied on a prospective basis. Retrospective application is permitted. We are evaluating the effect this guidance will have on our tax disclosures.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have material impact on the consolidated financial position, statements of operations and cash flows.

Concentrations of Risks

(a) Foreign currency risk

A majority of the Company's expense transactions are denominated in RMB and a significant portion of the Company and its subsidiaries' assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China ("PBOC"). It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. The change in the value of the RMB relative to the U.S. dollar may affect the Company's financial results reported in the U.S. dollar terms without giving effect to any underlying changes in the Company's business or results of operations. Remittances in currencies other than RMB by the Company in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

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As a result, the Company is exposed to foreign exchange risk as revenues and results of operations may be affected by fluctuations in the exchange rate between the U.S. dollar and RMB. If the RMB depreciates against the U.S. dollar, the value of RMB revenues, earnings and assets as expressed in U.S. dollar financial statements will decline. The Company has not entered into any hedging transactions in an effort to reduce its exposure to foreign exchange risk.

(b) Concentration of Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. As of December 31, 2023, and 2022, substantially most of the Company's cash were held by major financial institutions located in the PRC, which management believes are of high credit quality.

For the credit risk related to accounts receivable, the Company performs ongoing credit evaluations of its customers. The Company establishes an allowance for doubtful accounts based upon estimates, factors surrounding the credit risk of specific customers and other information. The allowance amounts were immaterial for all periods presented.

(c) Customer concentration risk

For the year ended December 31, 2023, three customers accounted for 17.2%, 13.9% and 10.7%. For the year ended December 31, 2022, one customer accounted for 15.6% of the Company's total revenues. For the year ended December 31, 2021, two customers accounted for 23.0% and 13.7% of the Company's total revenues. No other customer accounts for more than 10% of the Company's revenue for the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, two customers accounted for 35.4% and 21.7% of the total balance of accounts receivable. As of December 31, 2022, two customers accounted for 15.2% and 10.4% of the total balance of accounts receivable. No other customer accounts for more than 10% of the Company's accounts receivable as of December 31, 2023 and 2022, respectively.

(d) Vendor concentration risk

For the year ended December 31, 2023, two vendors accounted for 20.5% and 10.9% of the Company's total costs. For the year ended December 31, 2022, one vendor accounted for 11.1% of the Company's total costs. For the year ended December 31, 2021, three subcontractors accounted for 33.4%, 18.8% and 10.3% of the Company's total subcontracting costs. No other vendors accounts for more than 10% of the Company's total costs for the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, two vendors accounted for 40.8% and 12.7% of the total balance of accounts and notes payable. As of December 31, 2022, one vendor accounted for 18.6% of the total balance of accounts and notes payable. No other subcontractor accounts for more than 10% of the Company's accounts and notes payable as of December 31, 2023 and 2022, respectively.

Goodwill impairment

The Company performs impairment tests on goodwill on an annual basis in accordance with US GAAP, or more frequently if events or changes in circumstances indicate that those assets might be impaired. Goodwill is tested for impairment at a reporting unit level, which is at the same level or one level below an operating segment. A goodwill impairment loss is recognized when the carrying amount of the reporting unit is greater than its fair value. The goodwill impairment loss is calculated as the excess of the carrying amount of the goodwill over its implied fair value. During the year ended December 31, 2023 there was no goodwill impairment identified.

Goodwill arising from the acquisition of Yinhua, Feipeng BVI, and Alliance BVI. During the year ended December 31, 2022, no indicator of impairment was identified with respect to the Yinhua, Feipeng BVI, and Alliance BVI, which was acquired in December 2021, March 2022, December 2022 and May 2023.

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Note 3 – Discontinued operations

Historically, the Company had a strategy of developing car-hailing and driver management services.

In the third quarter of 2023, the Company determined to dispose the car-hailing and driver management services business due to the declining performance. The disposal of the car-hailing and driver management services business represented strategic shifts of the Company and had a major impact on the Company's financial results, and met the criteria for the discontinued operations. Therefore, the historical financial results of the car-hailing and driver management services business were classified as discontinued operation and the related assets and liabilities associated with the discontinued operations of the prior year were reclassified as assets/liabilities held for sale to provide comparable financial information.

The following tables set forth the assets, liabilities, results of operations and cash flows of the discontinued operations, which were included in the Company's consolidated financial statements.

Disposal Date	As of December 31, 2022
USD	USD

Cash and cash equivalents	\$ 328,358	\$ 1,833,843
Accounts receivable, net	1,888,383	3,026,618
Prepayments	238,566	306,192
Other receivables	945,753	2,735,617
Loans receivable	3,361,151	1,472,217
Amount due from related parties	4,306,134	877,598
Assets held for sale, current	<u>11,068,345</u>	<u>10,252,085</u>
Investment in sub		
Property and equipment, net	6,320,716	7,613,938
Deferred tax assets	9	9
Deposits	<u>1,700,347</u>	<u>1,734,692</u>
Assets held for sale, non-current	<u>8,021,071</u>	<u>9,348,639</u>
Total assets held for sale	<u>\$ 19,089,416</u>	<u>\$ 19,600,724</u>
Short-term bank borrowings	<u>\$ 1,158,360</u>	<u>\$ 666,937</u>
Accounts and notes payable	2,891,018	3,202,323
Other payables and accrued liabilities	2,525,421	597,037
Amount due to related parties	-	-
Tax payable	2,771,059	2,904,176
Current maturities of long-term bank borrowings	-	-
Current portion of capital lease and financing obligations	686,900	704,504
Liabilities held for sale, current	<u>10,032,758</u>	<u>8,074,978</u>
Long-term bank borrowings	<u>687,902</u>	<u>1,158,642</u>
Liabilities held for sale, non-current	<u>687,902</u>	<u>1,158,642</u>
Total liabilities held for sale	<u>10,720,659</u>	<u>9,233,620</u>

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	For the years ended December 31,	
	2023	2022
	USD	USD
Revenues	\$ 12,784,074	\$ 50,558,732
Costs of car rental services	(13,020,751)	(43,966,881)
General and administrative expenses	(869,482)	(2,940,140)
Sales and marketing expenses	(403,754)	(675,307)
Loss from operations of discontinued operations	<u>(1,509,913)</u>	<u>2,976,405</u>
Total other income (expenses), net	<u>(60,824)</u>	<u>(718,017)</u>
(Loss) income from discontinued operations before income tax expense	<u>(1,570,737)</u>	<u>2,258,388</u>
Income tax expense	<u>(5,357)</u>	<u>(303,873)</u>
Net (loss) income from discontinued operations, net of tax	<u>\$ (1,576,094)</u>	<u>\$ 1,954,515</u>

	For the years ended December 31,	
	2023	2022
	USD	USD
Net cash (used in)/provided by discontinued operating activities	2,271,892	2,708,874
Net cash (used in)/provided by discontinued investing activities	(3,484,697)	(2,092,305)

The following table presents the loss on disposal of discontinued operations related to the disposal of the car-hailing and driver management services business for the year ended December 31, 2023:

	For the years ended December 31, 2023
	USD
Cash consideration received for sale of car-hailing and driver management services business	\$ -
Carrying value of net assets transferred	7,437,854
Gain on disposal of discontinued operations	<u>\$ (7,437,854)</u>

Note 4 – Cash

Cash consist of the following:

	December 31, 2023	December 31, 2022
Cash on hand	\$ 72,839	\$ 62,616
Cash at bank	3,603,543	3,790,852
Cash	<u>\$ 3,676,382</u>	<u>\$ 3,853,468</u>

The following summarizes the amounts of cash disaggregated by currency denomination as of December 31, 2023 and 2022, separately in each jurisdiction in which our affiliated entities are domiciled.

	Cash held as of December 31, 2023			
	USD	HKD	RMB	Total in USD
Cayman	\$ 1,032,488	\$ 14,540	\$ -	\$ 1,047,028
BVI	\$ 203	\$ 8,898	\$ -	\$ 9,101

Hong Kong	\$ 61,610	\$ 5,043	\$ 47,794	\$ 114,447
PRC - subsidiaries	\$ -	\$ -	\$ 59,941	\$ 59,941
PRC - VIEs	\$ -	\$ -	\$ 2,445,865	\$ 2,445,865
Total	\$ 1,094,301	\$ 28,481	\$ 2,553,600	\$ 3,676,382

Cash held as of December 31, 2022

	USD	HKD	RMB	Total in USD
Cayman	\$ 1,123,511	\$ 15,504	\$ -	\$ 1,139,015
BVI	\$ 9,846	\$ 284	\$ -	\$ 10,130
Hong Kong	\$ 262,959	\$ 3,958	\$ 51,212	\$ 318,129
PRC - subsidiaries	\$ -	\$ -	\$ 283,606	\$ 283,606
PRC - VIEs	\$ -	\$ -	\$ 2,102,588	\$ 2,102,588
Total	\$ 1,396,316	\$ 19,746	\$ 4,271,249	\$ 3,853,468

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Note 5 – Accounts receivable, net

Accounts receivable, net consist of the following:

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 31,931,892	\$ 17,046,464
Allowance for doubtful accounts	-	(945,761)
Allowance for credit loss	(365,047)	-
Total accounts receivable, net	\$ 31,566,845	\$ 16,100,703

Movements of allowance for credit losses are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Beginning balance	\$ 945,761	\$ 152,768	\$ 217,676
Adoption ASU 2016-13	365,047	-	-
Provision	(927,055)	804,613	140,204
Write off	-	-	(136,602)
Exchange rate effect	(18,706)	(11,620)	(68,510)
Ending balance	\$ 365,047	\$ 945,761	\$ 152,768

Note 6 – Prepayments

Prepayments consist of the following:

	December 31, 2023	December 31, 2022
Prepayments		
Prepayments - subcontracting	\$ 4,890,716	\$ 1,569,781
Prepayments - fuel	240,048	212,047
Prepayments - insurance	16,724	92,630
Prepayments - parts and others	71,309	54,543
Prepayments - car services	7,638,237	4,279,810
Prepayments - telecommunication services expenses	3,808,139	544,306
Prepayments - vehicles	-	57,995
Prepayments - liquor	373,281	-
Prepayments - legal	222,556	222,556
Total prepayments	\$ 17,261,010	\$ 7,033,669

In accordance with ASU 2016-13, prepayments, as assets measured at amortized cost, are under monitoring and measurements regarding its net value. Credit risk, industrial environment, and business relationship, considered to be the main indicators that reveals the potential loss on such assets, are integrate in the process of measurement of prepayments. Based on the results of impairment test, no impairment loss for prepayments was recognized for the years ended December 31, 2023 and 2022.

Note 7 – Other receivables

Others primarily involve the employee's statutory social insurance. As of December 31, 2023 and 2022, the outstanding balance of such employee's statutory social insurance were \$184,942 and \$60,226, respectively.

Note 8 – Loans receivable

Due to strategic business cooperation, the Company made interest-free advances to third parties. As of December 31, 2023 and 2022, the outstanding balance of such interest-free advances were \$29,156,394 and \$27,150,487, respectively.

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Note 9 – Property and equipment, net

Property and equipment, net consist of the following:

	December 31, 2023	December 31, 2022
Property and equipment		
Buildings and improvements	\$ 1,065,953	\$ 1,097,647
Computer and office equipment	1,250,616	117,390
Revenue equipment – trucking	7,966,706	9,833,295
Subtotal	10,283,275	11,048,332
Less: accumulated depreciation	(8,820,480)	(9,588,572)
Property and equipment, net	\$ 1,462,795	\$ 1,459,760

Depreciation expenses for the years ended December 31, 2023, 2022 and 2021 was \$878,565, \$2,193,898, and \$1,438,310, respectively. For the year ended December 31, 2023, the Company disposed revenue equipment with cost of \$1,545,903 and accumulated depreciation of \$1,545,903 for proceeds of \$89,950 resulting in disposal gain of \$89,950. For the year ended December 31, 2022, the Company disposed revenue equipment with cost of \$2,640,705 and accumulated depreciation of \$1,420,491 for proceeds of \$540,579 resulting in disposal loss of \$679,635.

Revenue equipment under capital leases

The Company leased its revenue equipment from third parties with terms of approximately 24 to 36 months and account for as a capital lease. As of December 31, 2023, carrying value and accumulated depreciation of the revenue equipment under capital leases recorded by the Company were \$9,529 and \$64, respectively.

Note 10 – Deposits

As of December 31, 2023, deposits primarily include payments in total of \$834,307 made in advance to landlord, suppliers and financial institutions. As of December 31, 2022, deposits primarily include payments in total of \$922,434 made in advance to landlord, suppliers and financial institutions.

Note 11 – Goodwill

As of December 30, 2022, the balance of goodwill represented an amount of \$14,157,570 that arose from acquisition of Cheyi BVI in 2021, \$5,364,709 that arose from acquisition of Yinhuia in March 2022 and \$13,715,130 that arose from acquisition of Feipeng BVI in December 2022.

On December 30, 2023, the Company disposed the entirety of its interest in Cheyi Network by entering into a VIE Termination Agreement whereby the Cheyi WFOE and Cheyi terminated the Master Exclusive Service Agreement, Business Cooperation Agreement, Proxy Agreement, Exclusive Option Agreement, Equity Interest Pledge Agreement and Letter of Confirmation and Undertaking. Following the termination, the Company received no new income from Cheyi BVI and had no further involvement or continuing influence over its operations. Prior to the termination, goodwill of \$14,157,570 was derived from consolidating Cheyi BVI effective December 29, 2021. In accordance with ASC 350, "Intangibles-Goodwill and Other," goodwill and other intangible assets with indefinite lives were no longer subject to amortization but were tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired prior to the sale. Effective December 30, 2023, on the date of termination, we met the criteria outlined in ASC Topic 205-20 "Discontinued Operations," for our \$14,157,570 goodwill to be reduced to \$0 and the results of operations and assets and liabilities for our facilities operations segment were excluded from our continuing operations and presented as a discontinued operation in our consolidated financial statements.

A reconciliation of changes in the Company's goodwill by reportable segment were as follows:

	Trucking services	Car-hailing and driver management services	Car owner services	Liquor distribution
Balance as at December 31, 2022	\$ 13,715,130	\$ 14,157,570	\$ 5,364,709	-
Impairment	-	(14,157,570)	-	-
Arising from acquisition	-	-	-	22,029,753
Effects of exchange rate changes	-	-	-	-
Balance as at December 31, 2023	\$ 13,715,130	\$ -	\$ 5,364,709	\$ 22,029,753

In accordance with ASU 2017-04, goodwill is tested for impairment at least on an annual basis and between annual tests if an event occurs or circumstances change that may indicate an impairment. Prior to adoption of ASU 2017-04, goodwill is tested for impairment using a two-step test. First, the fair value and the carrying amount of the reporting unit, including goodwill, are compared. If the fair value of the reporting unit is less than the carrying amount, goodwill impairment is measured as the excess amount of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill, which is calculated in the same manner that goodwill is determined in its related business combination, is the difference between the fair value of the reporting unit and the fair value of the various assets and liabilities included in the reporting unit. After careful valuation, no impairment loss for goodwill was recognized for the years ended December 31, 2023 and 2022.

Note 12 – Acquisition

Acquisition of Cheyi BVI

On December 29, 2021 ("Acquisition Date"), the Company entered into a Share Purchase Agreement (the "SPA") to acquire 100% of the equity interest of Cheyi (BVI) Limited (the "Cheyi BVI") which operates its business through its subsidiary Zhejiang Cheyi Network Technology Co., Ltd. (the "Cheyi Network"), an integrated online car-hailing and driver management services company. Pursuant to the agreement, the total consideration for the acquisition of 100% equity ownership of Cheyi BVI is an aggregate of U.S. \$23,470,712, consisting of the issuance by the Company to the shareholders of Cheyi BVI an aggregate of 3,189,000 fully paid Company's ordinary shares (being U.S. \$6,760,680 of \$2.12 per share) and payment of \$2,000,000 at closing, and Year-2021 earnout payment of U.S. \$8,826,019 and Year-2022 earnout payment of U.S. \$5,884,013 if the Cheyi BVI's audited net income for its fiscal year 2021 and 2022 is no less than U.S. \$3,000,000 respectively. The two earnout payments are due 13 months upon the delivery of Cheyi BVI's audited financial statements.

The transaction was accounted for in accordance with the provisions of ASC 805-10, Business Combinations. The values assigned in these financial statements represent management's best estimate of fair values as of the Acquisition Date.

As required by ASC 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, management conducted a review to reassess whether

they identified all the assets acquired and all the liabilities assumed, and followed ASC 805-20's measurement procedures for recognition of the fair value of net assets acquired. According to ASC 820, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets as the most reliable fair value measurement, and the lowest priority to unobservable inputs. According to ASC 820-10-35-41, the valuation of shares issued in the acquisitions and purchase consideration is recognized on the quoted trading price of the Company's ordinary shares on the date of acquisitions. The quoted closing prices for the Company's ordinary shares on NASDAQ on the dates of the acquisitions of Cheyi BVI was \$2.12 per share.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities

Accounts receivable, net	\$	216,572
Prepayments		575,913
Others receivable		4,761,164
Equipment, net		9,980,931
Deferred tax assets		10
Deposits		595,149
Short-term bank borrowings		(1,647,679)
Accounts and notes payable		(803,784)
Others payable and accrued liabilities		(1,631,610)
Tax payable		(1,859,485)
Capital lease and financing obligations		(2,351,104)
Total identifiable net assets		7,836,077
Add: Goodwill		14,157,570
Total purchase price for acquisition net of \$1,477,065 of cash	\$	21,993,647

The Company has included the operating results of Cheyi BVI in its consolidated financial statements since the Acquisition Date. The following table summarizes the revenue and net income generated by Cheyi BVI for the year ended December 31, 2022:

Revenue	\$	50,558,732
Net income	\$	1,954,515

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Acquisition of Yinhua

On March 14, 2022, the Company entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua.

Under terms of the share purchase agreement, we shall pay \$10,076,600 in exchange for 100% equity of Yinhua. Of the total consideration to be paid, \$7,078,100 shall be paid in form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share of the Company, and \$1,000,000 upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022.

Founded in 2018, Yinhua provides diversified, differentiated and customized value-added auto related services to auto insurance companies, where the services include road security services, car maintenance services, car inspection services and other services. Yinhua develops and operates a comprehensive auto related service platform for auto insurance companies combining intelligent human-vehicle interaction functions with car owner programs.

On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, the Company acquired 100% shares outstanding of the Yinhua, and the Company issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

As required by ASC 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, management conducted a review to reassess whether they identified all the assets acquired and all the liabilities assumed, and followed ASC 805-20's measurement procedures for recognition of the fair value of net assets acquired. According to ASC 820, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets as the most reliable fair value measurement, and the lowest priority to unobservable inputs. According to ASC 820-10-35-41, the valuation of shares issued in the acquisitions and purchase consideration is recognized on the quoted trading price of the Company's ordinary shares on the date of acquisitions. The quoted closing prices for the Company's ordinary shares on NASDAQ on the dates of the acquisitions of Yinhua was \$1.85 per share.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Accounts receivable, net	\$	4,519,839
Prepayments		8,050,558
Equipment, net		3,504
Deferred tax assets		16,415
Short-term bank borrowings		(193,339)
Others payable and accrued liabilities		(7,685,086)
Tax payable		(1,126,777)
Total identifiable net assets		3,585,114
Goodwill		5,364,709
Total purchase price for acquisition net of \$1,126,777 of cash	\$	8,949,823

The Company has included the operating results of Yinhua in its consolidated financial statements since the Acquisition Date. The following table summarizes the revenue and net income generated by Yinhua for the year ended December 31, 2022:

Revenue	\$	27,053,149
Net income	\$	533,006

Acquisition of Feipeng BVI

On December 21, 2022, the Company entered into a Share Purchase Agreement with Feipeng BVI which provides regional trucking services, and each of the shareholders of the Feipeng BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, the Company acquired 100% of Feipeng BVI for approximately \$14,540,436, of which US \$9,550,000 will be paid in cash upon closing in form of cash. Feipeng BVI shall receive a certain number of shares valued at \$4,990,436 if it achieves a

targeted net income of US\$2.4 million during the calendar year 2023.

On December 21, 2022, the parties completed the transaction. Upon the closing of the transaction, we acquired 100% of the outstanding shares of the Feipeng BVI, and we paid \$9,550,000 in cash to the sellers.

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The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Accounts receivable, net	\$	3,746,298
Prepayments		550,944
Other receivables		246,748
Equipment, net		123,446
Deposits		610,393
Accounts payable		(1,546,037)
Short-term bank borrowings		(1,884,823)
Others payable and accrued liabilities		(1,383,077)
Amount due to related parties		(1,552,719)
Tax payable		(21,589)
Total identifiable net liabilities		(1,110,416)
Goodwill		13,715,130
Total purchase price for acquisition net of \$1,935,722 of cash	\$	12,604,714

The Company has included the operating results of Feipeng BVI in its consolidated financial statements since the Acquisition Date. \$nil in net sales and \$nil in net income of Feipeng BVI were included in the consolidated financial statements for the years ended December 31, 2022.

Acquisition of Alliance BVI

On May 26, 2023, the Company entered into a Share Purchase Agreement with the Alliance BVI, which is engaged in liquor distribution via its VIE, and each of the shareholders of the Alliance BVI. Under terms of the share purchase agreement, the Company shall pay \$21,292,948 in exchange for 100% equity of Alliance BVI. Of the total consideration to be paid, \$5,208,768 shall be paid in form of 4,569,095 newly issued ordinary shares of the Company, representing \$1.14 per ordinary share of the Company upon closing. In addition, a cash earnout of \$8,042,090 shall be paid if Alliance BVI achieves a net income target threshold of \$2.0 million during the calendar year of 2024 and 2025, respectively. The total consideration of \$21,292,948 was supported by an independent certified valuation institution.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

Recognized amounts of identifiable assets acquired and liabilities assumed

Prepayments	\$	1,587,580
Other receivables		106,839
Inventory		29,846
Property and equipment, net		868,434
Others payable and accrued liabilities		(3,326,021)
Tax payable		(3,483)
Total identifiable net liabilities		(736,805)
Goodwill		22,029,753
Total purchase price for acquisition net of \$0 of cash	\$	21,292,948

The Company has included the operating results of Alliance BVI in its consolidated financial statements since the Acquisition Date. \$1,154,091 in net sales and \$427,171 in net income of Alliance BVI were included in the consolidated financial statements for the years ended December 31, 2023.

Note 13 – Other payables and accrued liabilities

Other payables and accrued liabilities consist of the following:

	December 31, 2023	December 31, 2022
Other payables and accrued liabilities		
Rental deposits	\$ 1,100,301	\$ 308,153
Salary payables	302,074	117,632
Others	20,362	107,856
Receipt in advance	6,817,197	2,758,120
Payable under acquisition	24,123,116	8,678,357
Advance for operational purpose	1,205,058	916,332
Lending with no interests	-	1,413,617
Total other payables and accrued liabilities	<u>\$ 33,568,108</u>	<u>\$ 14,300,067</u>

Others primarily involve the rental expenses incurred. The payable under acquisition arose from the acquisition of Yinhua, Alliance BVI, and Feipeng BVI, more details referring to Note 12 – Acquisition.

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Note 14 – Credit facilities

Short-term bank borrowings

Outstanding balances of short-term bank borrowings as of December 31, 2023 and 2022 consisted of the following:

Bank name	Term	Interest rate	Collateral/ Guarantee	Date of paid off	December 31, 2023	December 31, 2022
Bank of China	From May 25, 2023 to May 25, 2024	Weighted average rate of 4.5%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	-	\$ 2,636,677	\$ -
Bank of China	From May 24, 2023 to May 24, 2024	Weighted average rate of 4.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	-	460,923	-
China Everbright Bank	From November 13, 2023 to May 12, 2024	Weighted average rate of 5.0%	Guarantee by Mr. Jinlong Yang, Shenzhen Bangrui Aviation Service Co. Ltd. and Mr. Jinlong Yang's family members, pledged by a property owned by Shenzhen Bangrui Aviation Service Co. Ltd.	-	1,135,411	-
Guilin Bank	From April 28, 2023 to April 28, 2024	Weighted average rate of 8.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics	28-Apr-24	408,320	-
The Industrial Bank Co., Ltd.	From May 10, 2023 to May 10, 2024	Weighted average rate of 5.0%	Guarantee by Mr. Jinlong Yang and Shenzhen Mingzhu Freight Industrial Co., Ltd.	-	337,920	-
Bank of China	From October 20, 2023 to October 20, 2024	Weighted average rate of 3.25%	Guarantee by Mr. Lihui Wang	-	1,126,400	-
China Construction Bank	From April 19, 2023 to April 19, 2024	Weighted average rate of 3.95%	None	19-April-23	422,400	-
Bank of China	From January 3, 2023 to January 3, 2024	Weighted average rate of 3.65%	Guarantee by Mr. Lihui Wang	3-Jan-24	281,600	-
The Industrial Bank Co., Ltd.	From May 9, 2022 to May 9, 2023	Weighted average rate of 5.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics	9-May-23	-	347,967
Bank of China	From May 16, 2022 to May 16, 2023	Weighted average rate of 4.5%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics	16-May-23	-	3,340,486
China Everbright Bank	From November 23, 2022 to November 22, 2023	Weighted average rate of 5.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by a property owned by Mr. Jinlong Yang and two properties owned by Mr. Jinlong Yang's family members	November 22, 2023	-	2,087,804
Guilin Bank	From April 28, 2022 to April 28, 2023	Weighted average rate of 8.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics	28-Apr-23	-	420,460
Zhejiang Mintai Commercial Bank	From June 30, 2022 to June 8, 2023	Weighted average rate of 5.5%	Guarantee by Mr. Dongdong Wang and his Spouse	June 8, 2023	-	289,973
Zhejiang Tailong Commercial Bank Co., Ltd.	From November 18, 2022 to May 17, 2023	Weighted average rate of 6.8%	Guarantee by Mr. Dongdong Wang, Mr. Dongdong Wang's Spouse and five employees	17-May-23	-	376,965
Haifa Baocheng Leasing Co., Ltd.	From September 2022 to September 2023	Weighted average rate of 8.0%	Guarantee by Zhisheng's accounts receivable	September 21, 2023	-	1,273,857
Bank of China	From January 3, 2022 to January 3, 2023	Weighted average rate of 3.65%	Guarantee by Mr. Lihui Wang	3-Jan-23	-	289,973
Bank of China	From September 2022 to September 2023	Weighted average rate of 3.65%	Guarantee by Mr. Lihui Wang	September 20, 2023	-	1,159,891
China Construction Bank	From June 4, 2022 to June 4, 2023	Weighted average rate of 3.8525%	None	June 4, 2023	-	434,959
					<u>\$ 6,809,651</u>	<u>\$ 10,022,335</u>

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Long-term bank borrowings

Outstanding balances of long-term bank borrowings as of December 31, 2023 and 2022 consisted of the following:

Bank name	Term	Interest rate	Collateral/ Guarantee	Date of paid off	December 31, 2023	December 31, 2022
WeBank Co., Ltd.	From July 13, 2022 to July 13, 2024	Weighted average rate of 9.0%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics.	-	\$ 122,719	\$ 343,174
WeBank Co., Ltd.	From August 26, 2021 to August 26, 2023	Weighted average rate of 16.2%	Guarantee by Mr. Jinlong Yang and MingZhu Logistics.	August 26, 2023	-	176,763
Kincheng Bank of Tianjin Co., Ltd.	From July 5, 2022 to July 5, 2024	Weighted average rate of 9.0%	-	-	72,278	154,652
WeBank Co., Ltd.	From September 8, 2022 to September 8, 2024	Weighted average rate of 16.2%	-	-	75,093	165,698
WeBank Co., Ltd.	From November 6, 2023 to October 26, 2025	Weighted average rate of 17.64%	Guarantee by Mr. Jinlong Yang	-	101,376	-
WeBank Co., Ltd.	From November 6, 2023 to October 26, 2025	Weighted average rate of 18%	Guarantee by Mr. Jinlong Yang	-	140,800	-
Less: current maturities					<u>(391,178)</u>	<u>(253,352)</u>
Non-current maturities					<u>\$ 121,088</u>	<u>\$ 586,935</u>

The maturities schedule of long-term bank borrowings is as follow:

As of December 31, 2023	As of December 31, 2022
-------------------------------	-------------------------------

Payments due by period		
Less than 1 year	\$ 391,178	\$ 586,935
1-2 years	121,088	253,352
Total	\$ 512,266	\$ 840,287

Interest expenses incurred from long-term bank borrowings were and \$72,449, \$45,130 and \$14,184 for the years ended December 31, 2023, 2022 and 2021, respectively.

Note 15 – Variable Interest Entity

Variable interest entities ("VIEs") are entities in which equity investors lack the characteristics of a controlling financial interest.

Liquor Alliance

The Alliance BVI, which is acquired by the Company on May 26, 2023, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Xiamen Alliance Management Consulting Co., Ltd. ("Alliance WFOE") entered with Xiamen Alliance Liquor Industry Group Co., Ltd. ("Liquor Alliance"), and its shareholders, the control and benefits of Liquor Alliance were accrued to us subject to the conditions that we have satisfied for consolidation of Liquor Alliance under U.S. GAAP. Such conditions include that (i) we control Liquor Alliance through power to govern the activities which most significantly impact Liquor Alliance's economic performance, (ii) we are contractually obligated to absorb losses of Liquor Alliance that could potentially be significant to Liquor Alliance, and (iii) we are entitled to receive benefits from Liquor Alliance that could potentially be significant to Liquor Alliance. We are regarded as the primary beneficiary of Liquor Alliance, and Liquor Alliance are treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Liquor Alliance in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

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The Company believes that Liquor Alliance is considered a VIE under Accounting Codification Standards ("ASC") 810 "Consolidation", because the equity investors in Liquor Alliance no longer have the characteristics of a controlling financial interest, and the Company, through Alliance WFOE, is the primary beneficiary of Liquor Alliance and controls Liquor Alliance's operations. Accordingly, Liquor Alliance has been consolidated as a deemed subsidiary into the Company as a reporting company under ASC 810.

As required by ASC 810-10, the Company performs a qualitative assessment to determine whether the Company is the primary beneficiary of Liquor Alliance which is identified as a VIE of the Company. A quality assessment begins with an understanding of the nature of the risks in the entity as well as the nature of the entity's activities including terms of the contracts entered into by the entity, ownership interests issued by the entity and the parties involved in the design of the entity. The Company's assessment of the involvement with Liquor Alliance reveals that the Company has the absolute power to direct the most significant activities that impact the economic performance of Liquor Alliance. Alliance WFOE is obligated to absorb a majority of the loss from Liquor Alliance activities and receive a majority of Liquor Alliance's expected residual returns. In addition, Liquor Alliance's shareholders have pledged their equity interest in Liquor Alliance to Liquor WFOE, irrevocably granted Alliance WFOE an exclusive option to purchase, to the extent permitted under PRC Law, all or part of the equity interests in Liquor Alliance and agreed to entrust all the rights to exercise their voting power to the person(s) appointed by Alliance WFOE. Under the accounting guidance, the Company is deemed to be the primary beneficiary of Liquor Alliance and the financial positions, the operating results and cash flows of Liquor Alliance and Liquor Alliance's subsidiaries are consolidated in the Company for financial reporting purposes.

The following is a summary of VIE Agreements by and among Liquor Alliance, a subsidiary of Alliance BVI, Alliance WFOE and the shareholders of Alliance BVI. Each of the VIE Agreements is described in detail below:

Master Exclusive Service Agreement

Under the Master Exclusive Service Agreement dated May 1, 2023, Alliance WFOE has agreed to provide the following services (among others) to Liquor Alliance:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;
- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Liquor Alliance according to the need of business and capacity of the Alliance WFOE.

This agreement was effective from May 1, 2023 and will continue to be effective unless it is terminated by written notice of Alliance WFOE.

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Business Cooperation Agreement

Under the Business Cooperation Agreement entered into by Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, all parties agreed that without obtaining Alliance WFOE's prior written consent, the Liquor Alliance and shareholders of Liquor Alliance shall cause each of Liquor Alliance not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Liquor Alliance and shareholders of Liquor Alliance shall cause Liquor Alliance to accept suggestions raised by Alliance WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Liquor

Alliance and its subsidiaries and Liquor Alliance and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Liquor Alliance entered into an Equity Pledge Interest Agreement with Alliance WFOE, dated May 1, 2023. Under such equity pledge agreement, each of the shareholders of Liquor Alliance pledged its respective equity interest in Liquor Alliance to Alliance WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Liquor Alliance without the prior written consent of Alliance WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Alliance WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, the shareholders of Liquor Alliance granted Alliance WFOE or its designee an option to purchase all or a portion of their respective equity interest in Liquor Alliance for the RMB 1.

Each of shareholders of Liquor Alliance agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Liquor Alliance's equity interest to Liquor Alliance WFOE, if the shareholders obtain dividends, bonuses or residual property from Liquor Alliance, the shareholders shall transfer all the income (after tax) to Alliance WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Liquor Alliance have been acquired by Alliance WFOE or its designee, and upon the condition that Alliance WFOE and its subsidiaries, branches can engage in the business of Liquor Alliance legally.

Alliance WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Liquor Alliance and the shareholders of Liquor Alliance at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Liquor Alliance and its shareholders has no right to unilaterally terminate this agreement.

Proxy Agreement

Under the Proxy Agreement among Alliance WFOE, Liquor Alliance and the shareholders of Liquor Alliance, dated May 1, 2023, each of the shareholders of Liquor Alliance has agreed to irrevocably entrust Alliance WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Liquor Alliance.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Alliance WFOE.

Letter of Confirmation and Undertaking

Each shareholder of Liquor Alliance had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Liquor Alliance confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Liquor Alliance held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Liquor Alliance will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on May 1, 2023.

The Company believes that the contractual arrangements with its VIE and their respective shareholders are in compliance with PRC laws and regulations and are legally enforceable. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, effective on January 1, 2020. The Foreign Investment Law has a catch-all provision under the definition of "foreign investment" which includes investments made by foreign investors in China through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. In the event that the State Council in the future promulgates laws and regulations that deem investments made by foreign investors through contractual arrangements as "foreign investment," the Group's ability to use the contractual arrangements with its VIEs and the Group's ability to conduct business through the VIEs could be severely limited. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiary and VIE;
- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIE;
- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The Company's ability to conduct its liquor distribution business that specializes in liquor distribution may be negatively affected if the PRC government was to carry out any aforementioned actions.

Zhisheng

The Yinhua, which is acquired by the Company on March 14, 2022, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Zhejiang Caiyunlian Technology Co., Ltd. ("Yinhua WFOE") entered with Hainan Zhisheng Car Services Co., Ltd. ("Zhisheng"), and its shareholders, the control and benefits of Zhisheng were accrued to us subject to the conditions that we have satisfied for consolidation of Zhisheng under U.S. GAAP. Such conditions include that (i) we control Zhisheng through power to govern the activities which most significantly impact Zhisheng's economic performance, (ii) we are contractually obligated to absorb losses of Zhisheng that could potentially be significant to Zhisheng, and (iii) we are entitled to receive benefits from Zhisheng that could potentially be significant to Zhisheng. We are regarded as the primary beneficiary of Zhisheng, and Zhisheng is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Zhisheng in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

The following is a summary of VIE Agreements by and among Zhisheng, a subsidiary of Yinhua, Yinhua WFOE and the shareholders of Yinhua. Each of the VIE Agreements is described in detail below:

Under the Master Exclusive Service Agreement dated January 22, 2022, Yinhua WFOE has agreed to provide the following services (among others) to Zhisheng:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;
- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Zhisheng according to the need of business and capacity of the Yinhua WFOE.

This agreement was effective from January 22, 2022 and will continue to be effective unless it is terminated by written notice of Zhisheng.

Business Cooperation Agreement

Under the Exclusive Option Agreement entered into by Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, all parties agreed that without obtaining Yinhua WFOE's prior written consent, Zhisheng shall not, and each of the Zhisheng and shareholders of Zhisheng shall cause each of Zhisheng and its subsidiaries not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Zhisheng and shareholders of Zhisheng shall cause Zhisheng and its subsidiaries to accept suggestions raised by Yinhua WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Zhisheng and its subsidiaries and Zhisheng and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Zhisheng entered into an Equity Pledge Interest Agreement with Yinhua WFOE, dated January 22, 2022. Under such equity pledge agreement, each of the shareholders of Zhisheng pledged its respective equity interest in Zhisheng to Yinhua WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Zhisheng without the prior written consent of Yinhua WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Yinhua WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, the shareholders of Zhisheng granted Yinhua WFOE or its designee an option to purchase all or a portion of their respective equity interest in Zhisheng for the RMB 1.

Each of shareholders of Zhisheng agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Zhisheng's equity interest to Yinhua WFOE, if the shareholders obtain dividends, bonuses or residual property from Zhisheng, the shareholders shall transfer all the income (after tax) to Yinhua WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Zhisheng have been acquired by Yinhua WFOE or its designee, and upon the condition that Yinhua WFOE and its subsidiaries, branches can engage in the business of Zhisheng legally.

Yinhua WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Zhisheng and the shareholders of Zhisheng at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Zhisheng and its shareholders has no right to unilaterally terminate this agreement.

Proxy Agreement

Under the Proxy Agreement among Yinhua WFOE, Zhisheng and the shareholders of Zhisheng, dated January 22, 2022, each of the shareholders of Zhisheng has agreed to irrevocably entrust Yinhua WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Zhisheng.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Yinhua WFOE.

Letter of Confirmation and Undertaking

Each shareholder of Zhisheng had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Zhisheng confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Zhisheng held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Zhisheng will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on January 22, 2022.

Consent Letter

Each spouse of shareholder of Zhisheng had signed a Consent letter. Under Consent Letter, each spouse of shareholder of Zhisheng confirmed and agreed that the equity interest in the Zhisheng held by each shareholder of Zhisheng is her or his individual property not the joint property, which each shareholder of Zhisheng is entitled to dispose of on her

The Company's ability to conduct its car owner services business that specializes in car owner services may be negatively affected if the PRC government was to carry out any aforementioned actions.

Feipeng

The Feipeng BVI, which is acquired by the Company on December 21, 2022, operates business mainly through its variable interest entities ("VIE") in the PRC, based on a series of contractual arrangements (collectively the "VIE Agreements"). As a result of the VIE Agreements that our Shenzhen Feipeng Zongheng Supply Chain Management Co., Ltd. ("Feipeng WFOE") entered with Xinjiang Feipeng Logistics Co., Ltd. ("Feipeng"), and its shareholders, the control and benefits of Feipeng were accrued to us subject to the conditions that we have satisfied for consolidation of Feipeng under U.S. GAAP. Such conditions include that (i) we control Feipeng through power to govern the activities which most significantly impact Feipeng's economic performance, (ii) we are contractually obligated to absorb losses of Feipeng that could potentially be significant to Feipeng, and (iii) we are entitled to receive benefits from Feipeng that could potentially be significant to Feipeng. We are regarded as the primary beneficiary of Feipeng, and Feipeng is treated as our consolidated affiliated entity under U.S. GAAP. We have consolidated the financial results of Feipeng in our consolidated financial statements for accounting purposes in accordance with U.S. GAAP.

The following is a summary of VIE Agreements by and among Feipeng, a subsidiary of Feipeng BVI, Feipeng WFOE and the shareholders of Feipeng BVI. Each of the VIE Agreements is described in detail below:

Master Exclusive Service Agreement

Under the Master Exclusive Service Agreement dated December 20, 2022, Feipeng WFOE has agreed to provide the following services (among others) to Feipeng:

- information consulting services regarding the business operation of Service Receiving Parties;
- public relation services;
- market investigation, research and consulting services;
- Leasing, assignment or disposal of properties;
- recruiting, managing and training of necessary personnel to sustain the business operation;
- marketing channel to cooperate with business-relating third-party platforms;
- customer order management and customer services;
- mid or short-term market development and market planning services;
- human resource management and internal information management;
- Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or other services determined from time to time by Feipeng according to the need of business and capacity of the Feipeng WFOE.

This agreement was effective from December 20, 2022 and will continue to be effective unless it is terminated by written notice of Feipeng.

Business Cooperation Agreement

Under the Exclusive Option Agreement entered into by Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, all parties agreed that without obtaining Feipeng WFOE's prior written consent, Feipeng shall not, and each of the Feipeng and shareholders of Feipeng shall cause each of Feipeng and its subsidiaries not to engage in any transaction which may materially affect its asset obligation right or operation. Furthermore, Feipeng and shareholders of Feipeng shall cause Feipeng and its subsidiaries to accept suggestions raised by Feipeng WFOE over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Feipeng and its subsidiaries and Feipeng and its subsidiaries shall strictly abide by and perform accordingly.

Equity Interest Pledge Agreement

The shareholders of Feipeng entered into an Equity Pledge Interest Agreement with Feipeng WFOE, dated December 20, 2022. Under such equity pledge agreement, each of the shareholders of Feipeng pledged its respective equity interest in Feipeng to Feipeng WFOE to secure such shareholder's obligations under the Exclusive Option Agreement, Proxy Agreement, Master Exclusive Service Agreement, and Letter of Confirmation and Undertaking.

Each of such shareholders further agreed not to transfer or pledge his or her respective equity interest in Feipeng without the prior written consent of Feipeng WFOE. The equity pledge agreement will remain effective until the shareholders fulfill their obligations and Feipeng WFOE discharges all the shareholders' obligations under these VIE Agreements in writing.

Exclusive Option Agreement

Under the Exclusive Option Agreement entered into by Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, the shareholders of Feipeng granted Feipeng WFOE or its designee an option to purchase all or a portion of their respective equity interest in Feipeng for the RMB 1.

Each of shareholders of Feipeng agreed that, as of the effective date of this agreement, but before the transfer of all or part of the Feipeng's equity interest to Feipeng WFOE, if the shareholders obtain dividends, bonuses or residual property from Feipeng, the shareholders shall transfer all the income (after tax) to Feipeng WFOE.

The exclusive option agreement shall remain in effect until all of the equity interests in or assets of Feipeng have been acquired by Feipeng WFOE or its designee, and upon the

condition that Feipeng WFOE and its subsidiaries, branches can engage in the business of Feipeng legally.

Feipeng WFOE has the right to unilaterally terminate this agreement immediately by sending written notices to Feipeng and the shareholders of Feipeng at any time without liability for the breach. Unless otherwise mandatory by Chinese law, Feipeng and its shareholders has no right to unilaterally terminate this agreement.

Proxy Agreement

Under the Proxy Agreement among Feipeng WFOE, Feipeng and the shareholders of Feipeng, dated December 20, 2022, each of the shareholders of Feipeng has agreed to irrevocably entrust Feipeng WFOE or its designee to represent it to exercise all the shareholders' rights to which it is entitled as a shareholder of Feipeng.

The Proxy Agreement is irrevocable and shall remain effective until upon the instruction of Feipeng WFOE.

Letter of Confirmation and Undertaking

Each shareholder of Feipeng had signed a Letter of Confirmation and Undertaking. Under the Letter of Confirmation and Undertaking, each shareholder of Feipeng confirmed the undertaking and warrant that his or her successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Feipeng held by him or her upon his or her death, incapacity, divorce or any circumstances that may affect his or her ability to exercise rights of shareholder in Feipeng will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of his or her obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement, and the Equity Interest Pledge Agreement executed by him or her on December 20, 2022.

Consent Letter

Each spouse of shareholder of Feipeng had signed a Consent letter. Under Consent Letter, each spouse of shareholder of Feipeng confirmed and agreed that the equity interest in the Feipeng held by each shareholder of Feipeng is her or his individual property not the joint property, which each shareholder of Feipeng is entitled to dispose of on her or his own.

The Company's ability to conduct its regional trucking services may be negatively affected if the PRC government was to carry out any aforementioned actions.

As a result, The Company may not be able to consolidate its VIEs in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and their respective shareholders and it may lose the ability to receive economic benefits from the VIEs. The Company, however, does not believe such actions would result in the liquidation or dissolution of the Company, its PRC subsidiary and VIEs.

Total assets and liabilities presented on the Company's consolidated balance sheets and revenue, expense, net income presented on consolidated statement of income and comprehensive income as well as the cash flow from operating, investing and financing activities presented on the consolidated statement of cash flows are consolidation of the financial position, operation and cash flow of the Company's subsidiaries, VIE and VIE's subsidiaries. The Company has not provided any financial support to Cheyi Network, Zhisheng, Feipeng and Alliance for the years ended as of December 31, 2023 and 2022.

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The carrying amounts of the assets, liabilities and the results of operations of the VIEs and VIEs' subsidiaries included in the Company's consolidated balance sheets and statements of income and comprehensive income, which are prepared before eliminating the inter-company balances and transactions between the VIEs, the subsidiaries of the VIEs and the Company and its subsidiaries, are as follows:

	As of December 31, 2023 USD	As of December 31, 2022 USD
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,445,865	2,102,586
Accounts receivable, net	28,997,596	14,598,565
Prepayments	13,999,898	5,381,729
Other receivables	130,349	41,268
Loans receivable	-	249,377
Amount due from related parties	189,222	-
Total current assets	45,762,930	22,373,525
NON-CURRENT ASSET		
Property and equipment, net	659,569	123,446
Deferred tax assets	88,672	15,166
Deposits	660,239	610,323
Total non-current asset	1,408,480	749,004
Total assets	\$ 47,171,410	\$ 23,122,529
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank borrowings	\$ 1,830,400	\$ 3,158,680
Accounts and notes payable	13,673,612	3,307,085
Other payables and accrued liabilities	6,829,338	3,597,133
Amount due to related parties	4,849,607	5,958,665
Tax payable	1,229,697	1,270,466
Current portion of capital lease and financing obligations	13,054,470	-
Total current liabilities	41,467,124	17,292,029
LIABILITIES		
Total liabilities	-	-
SHAREHOLDERS' EQUITY		

Ordinary shares	-	-
Additional paid-in capital	1,591,040	1,638,346
Statutory reserves	448,003	68,440
Retained earnings	3,719,832	4,158,803
Accumulated other comprehensive (loss) income	(54,589)	(35,089)
Total shareholders' equity	5,704,286	5,830,500
Total liabilities and shareholders' equity	\$ 47,171,410	\$ 23,122,529

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	For the Years Ended December 31,	
	2023	2022
Revenues	\$ 64,376,185	\$ 27,053,149
Net (loss) income	\$ 985,311	\$ 2,487,522
	For the Years Ended December 31,	
	2023	2022
Net cash flows from operating activities	\$	\$
Net cash flows from investing activities	\$ 2,445,865	\$
Net cash flows from financing activities	\$ 45,762,929	\$ (10,574,884)

There are no pledge or collateralization of the VIEs and VIEs' subsidiaries' assets that can only be used to settled obligations of the VIEs and VIEs' subsidiaries, except for the restricted assets disclosed in Note - 19. Relevant PRC laws and regulations restrict the VIE from transferring a portion of its net assets to the Company in the form of loans and advances or cash dividends.

As the VIEs are incorporated as limited liability company under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the VIEs in normal course of business.

Note 16 – Leases

As of December 31, 2022, the Company has finance lease commitments for revenue equipment summarized for the following fiscal years:

	Minimum lease payments	Present value of minimum lease payments
12 months ending December 31,		
2023	\$ 865,348	\$ 757,088
2024	774,057	670,952
2025	473,265	410,226
Thereafter	89,368	77,464
Total	2,202,038	1,915,730
Less: amount representing interest	(286,308)	
Present value of minimum lease payments	\$ 1,915,730	\$ 1,915,730
Less: current maturities		(757,088)
Capital lease obligations, long-term		\$ 1,158,642

The Company leases certain of its revenue equipment under capital lease agreements. The terms of the capital leases expire at various dates through December 2026. The Company has option to purchase the revenue equipment for a nominal amount at the end of the lease term.

As the Company terminated the VIE agreement with Cheyi Network, all finance lease commitments were terminated and excluded from the Company's balance sheets. As of December 31, 2023, the balance of finance lease obligations is \$9,529.

The total future minimum lease payments under the non-cancellable operating lease with respect to the offices December 31, 2023 are payable as follows:

12 months ending December 31,	
2023	449,364
2024	-
Future minimum operating lease payments	\$ 449,364

Rental expense of the Company for the years ended December 31, 2023, 2022 and 2021 were \$420,265 \$306,396 and \$111,024, respectively.

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Note 17 – Related party balances and transactions

Related party balances

The amount due from related parties consists of the following:

December 31, December 31,

Related Party Name (EN)	Relationship	Nature	2023	2022
Exquisite Elite Limited	Shareholder	Advances to payment of professional fee	\$ 6,228	\$ 54,882
Mr. Hui Wang	Senior employee	Advances for operational purpose	189,222	32,839
Mr. Jinlong Yang	Chairman and Chief Executive Officer	Advances for operational purpose	233,432	709,694
Mr. Mingzhu Logistics	Mr. Jinlong Yang's family member as sole shareholder	Lending with no interests	1,300,712	1,002,332
			<u>\$ 1,729,594</u>	<u>\$ 1,799,747</u>

The amount due to related parties consists of the following:

Related Party Name (EN)	Relationship	Nature	December 31, 2023	December 31, 2022
Mr. Zuojie Dai	Manager of MingZhu Pengcheng	Advances for operational purpose		75,180
Exquisite Elite Limited	Shareholder	Advances to payment of professional fee	25,160	-
MingZhu Logistics	Mr. Jinlong Yang's family member as sole shareholder	Lending with no interests	998	-
Mr. Jingwei Zhang	Chief Financial Officer	Advances for operational purpose	75,021	75,021
Lihui Wang	Manager of Feipeng	Advances for operational purpose	13,359	77,540
Xiangyin Guo	Manager of Zhisheng	Advances for operational purpose	5,339,035	5,881,125
Mr. Jinlong Yang	CEO	Advances for operational purpose	2,758,395	-
			<u>\$ 8,211,968</u>	<u>\$ 6,108,866</u>

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Collateral and Guarantee

The collateral and guarantee made by related parties to the Company as of December 31, 2023 consists of the following:

Related Parties	Institution Name	Term	Aggregated Principal	Carrying Amount as of December 31, 2023
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	Bank of China	From May 25, 2023 to May 25, 2024	\$ 2,996,224	\$ 2,636,677
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by several properties owned by Mr. Jinlong Yang and his family members	Bank of China	From May 24, 2023 to May 24, 2024	523,776	460,923
Guarantee by Mr. Jinlong Yang, Shenzhen Bangrui Aviation Service Co. Ltd. and Mr. Jinlong Yang's family members, pledged by a property owned by Shenzhen Bangrui Aviation Service Co. Ltd.	China Everbright Bank	From November 13, 2023 to May 12, 2024	2,112,000	1,135,411
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Guilin Bank	From April 28, 2023 to April 28, 2024	408,320	408,320
Guarantee by Mr. Jinlong Yang and Shenzhen Mingzhu Freight Industrial Co., Ltd.	The Industrial Bank Co., Ltd.	From May 10, 2023 to May 10, 2024	422,400	337,920
Guarantee by Mr. Lihui Wang	Bank of China	From October 20, 2023 to October 20, 2024	1,126,400	1,126,400
Guarantee by Mr. Lihui Wang	Bank of China	From January 3, 2023 to January 3, 2024	281,600	281,600
Guarantee by Mr. Jinlong Yang and MingZhu Logistics.	WeBank Co., Ltd.	From July 13, 2022 to July 13, 2024	420,992	122,719
Guarantee by Mr. Jinlong Yang	WeBank Co., Ltd.	From July 5, 2022 to July 5, 2024	101,376	72,277
Guarantee by Mr. Jinlong Yang	WeBank Co., Ltd.	From September 8, 2022 to September 8, 2024	\$ 140,800	\$ 75,093
			<u>\$ 8,533,888</u>	<u>\$ 6,657,340</u>

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The collateral and guarantee made by related parties to the Company as of December 31, 2022 consists of the following:

Related Parties	Institution Name	Term	Aggregated Principal	Carrying Amount as of December 31, 2022
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	The Industrial Bank Co., Ltd.(3)	From May 9, 2022 to May 9, 2023	\$ 347,967	\$ 347,967
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Bank of China(6)	From May 16, 2022 to May 16, 2023	4,059,618	3,340,486
Guarantee by Mr. Jinlong Yang and MingZhu Logistics, pledge by a property owned by Mr. Jinlong Yang and two properties owned by Mr. Jinlong Yang's family members	China Everbright Bank(4)	From November 23, 2022 to November 22, 2023	2,174,796	2,087,804
Guarantee by Mr. Jinlong Yang and MingZhu Logistics	Guilin Bank(5)	From April 28, 2022 to April 28,		

		2023	420,460	420,460
Guarantee by Mr. Dongdong Wang and his Spouse	Zhejiang Mintai Commercial Bank	From June 30, 2022 to June 8, 2023	289,973	289,973
Guarantee by Mr. Dongdong Wang, Mr. Dongdong Wang's Spouse and five employees	Zhejiang Tailong Commercial Bank Co., Ltd. (2)	From November 18, 2022 to May 17, 2023	376,965	376,965
Guarantee by Mr. Lihui Wang	Bank of China(6)	From January 3, 2022 to January 3, 2023	289,973	289,973
Guarantee by Mr. Lihui Wang	Bank of China(6)	From September 2022 to September 2023	1,159,891	1,159,891
			<u>\$ 9,119,643</u>	<u>\$ 8,313,519</u>

Note 18 – Loans from other institution

Outstanding balances of loans from other financial institutions, which mainly includes the loan from Shenzhen Ronghui Commercial Factoring Co. Ltd. ("Ronghui"), as of December 31, 2023 and 2022 were \$13,054,470 and \$nil, respectively. Loans were pledged by accounts receivables of Zhisheng. The interest rate of these loans are 10% per annum, and the loan term was from the date on which the Ronghui pays the amount for the receivables into the bank account of Zhisheng, to the date on which the receivable becomes due. Normally, the payment term is within three months. Interest expenses incurred from loans from other financial institutions for the year ended December 31, 2023, 2022 and 2021 were \$54,981, \$nil and \$nil, respectively.

Note 19 – Income taxes

Cayman Islands

The Company was incorporated in the Cayman Islands and is not subject to tax on income or capital gains under the laws of Cayman Islands. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

MingZhu BVI is incorporated in the British Virgin Islands and is not subject to tax on income or capital gains under current British Virgin Islands law. In addition, upon payments of dividends by these entities to their shareholders, no British Virgin Islands withholding tax will be imposed.

Hong Kong

MingZhu HK is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax law, MingZhu HK is exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

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PRC

The Company PRC subsidiaries are governed by the income tax laws of the PRC and the income tax provision in respect to operations in the PRC is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Enterprise Income Tax Laws of the PRC (the "EIT Laws"), Chinese enterprises are subject to income tax at a rate of 25% after appropriate tax adjustments.

The Ministry of Finance ("MOF") and State Administration of Taxation ("SAT") on March 14, 2022 jointly issued Cai Shui 2022 No. 13. This clarified that from January 1, 2022 to December 31, 2024, eligible small enterprises whose first RMB 1,000,000 of annual taxable income is eligible for 75% reduction on a rate of 20% (i.e., effective rate is 5%) and the income between RMB 1,000,000 and RMB 3,000,000 is eligible for 50% reduction on a rate of 20% (i.e. effective rate is 10%).

Significant components of the income tax expense consisted of the following for the years ended December 31,

	2023	2022	2021
Current income tax expense	\$ 356,970	\$ 428,915	\$ 138,246
Deferred income tax (benefit) expense	(88,403)	(202,746)	(2,832)
Total	<u>\$ 268,567</u>	<u>\$ 226,169</u>	<u>\$ 135,414</u>

The tax effects of temporary difference that give rise to the deferred tax assets as of December 31, 2023 and 2022 are \$105,845 and \$238,228, respectively. Deferred tax assets consist of the following:

	As of December 31, 2023	As of December 31, 2022
Deferred tax assets:		
Allowance for credit loss and doubtful accounts	\$ 105,845	\$ 238,228
Net operating loss carryforwards:		
PRC	162,087	62,492
HONG KONG	75,729	74,305
	<u>343,661</u>	<u>375,025</u>
Less valuation allowance	(237,816)	(136,797)
Total deferred tax assets	<u>\$ 105,845</u>	<u>\$ 238,228</u>

The Company evaluated the recoverable amounts of deferred tax assets and provided a valuation allowance to the extent that future taxable profits will be available against which the net operating loss and temporary difference can be utilized. The Company considers both positive and negative factors when assessing the future realization of the deferred tax assets and applied weigh to the relative impact of the evidences to the extent it could be objectively verified.

The Company's net operation loss ("NOL") was mainly from MingZhu Management's cumulative NOL of approximately \$587,000 as of December 31, 2023 which will mostly expire in 2027. Management considers projected future losses outweighs other factors and made a full allowance of related deferred tax assets.

Reconciliation of effective income tax rate is as follows for the years ended December 31:

	December 31, 2023	December 31, 2022	December 31, 2021
PRC statutory tax rate	25.0%	25.0%	25.0%
Effect of tax rate differential	-57.9%	-131.9%	-13.3%
Valuation allowance deferred tax	-21.0%	-81.5%	-27.2%
Non-deductible items*	11.5%	53.6%	-1.4%
Effective tax rate	42.4%	134.8%	-16.9%

* Non-deductible items mainly arise from expenses not deductible for tax purposes primarily including professional fees in relation to capital market and late penalty fees.

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Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. The Company does not anticipate any significant increases or decreases in unrecognized tax benefits in the next twelve months from December 31, 2023.

Value added tax

The Company is subject to value added tax ("VAT"). Revenue from provision of trucking services, liquor distribution and car owner services are generally subject to VAT at the rate of 9%, 6% and 6%. The Company is entitled to a refund for VAT already paid on goods and services purchased. The VAT balance is recorded in tax payables on the audited consolidated balance sheets. Revenues are presented net of applicable VAT.

Taxes payable consisted of the following:

	December 31, 2023	December 31, 2022
VAT taxes payable (credit)	\$ (209,380)	\$ 626,548
Income taxes payable	2,385,897	1,635,351
Other taxes payable	23,334	112,361
Total	\$ 2,199,851	\$ 2,374,260

Note 20 – Shareholders' equity

Ordinary shares

MingZhu Cayman was established under the laws of Cayman Islands on January 2, 2018. The authorized number of ordinary shares was 38,000,000 shares with a par value of approximate \$0.001 (HKD 0.01) per ordinary share.

With the effect of resolutions passed by board of directors on February 12, 2020, the authorized number of ordinary shares increased from 38,000,000 to 50,000,000 with a par value of \$0.001 instead of HKD 0.01 and the issued number of ordinary shares increased from 1,000 to 9,250,000 with a par value of \$0.001 instead of HKD 0.01. With the effect of resolution passed by board of directors on May 21, 2020, the issued number of ordinary shares decreased from 9,250,000 to 9,000,000.

On October 21, 2020, the Company completed the initial public offering ("IPO") of 3,000,000 ordinary shares at a public offering price of US\$4.00 per share.

On October 30, 2020, the underwriter and sole book-runner of the Company's underwritten IPO, has exercised the partial over-allotment option and purchased an additional 350,000 ordinary shares of the Company at the IPO price of US\$4.00 per share.

On December 4, 2020, the underwriter and sole book-runner of the Company's underwritten IPO, has further exercised the partial over-allotment option and purchased an additional 4,040 ordinary shares of the Company at the IPO price of US\$4.00 per share.

As of December 31, 2020, the authorized number of ordinary shares is 50,000,000 with a par value of \$0.001 and the issued number of ordinary shares is 12,354,040.

With the above IPO and over-allotments, the Company received total gross proceeds of \$13,416,160. After deducting a sum of \$2,457,357 in underwriting commission and other expenses, the Company received a total net proceeds of \$10,958,803.

On March 12, 2021, the Company closed its direct public offering of 3,333,335 units of its securities (each, a "Unit"), with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share. The Company sold the Units at a price of \$6.00 per Unit. The Company received gross proceeds from the Offering, before deducting estimated offering expenses payable by the Company, of approximately \$18,000,000.

On April 21, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 214,286 ordinary shares of the Company with no cash in consideration.

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On June 14, 2021, the underwriter and sole book-runner of our underwritten IPO, exercised its partial warrant and purchased a total of 43,616 ordinary shares of the Company with no cash in consideration.

On December 29, 2021, the Company entered into a Share Purchase Agreement (the "SPA") to acquire 100% of the equity interest of Cheyi (BVI) Limited (the "Cheyi BVI") which operates its business through its subsidiary Zhejiang Cheyi Network Technology Co., Ltd. (the "Cheyi Network"), an integrated online car-hailing and driver management services company. Pursuant to the agreement, the total consideration for the acquisition of 100% equity ownership of Cheyi BVI is an aggregate of U.S. \$23,470,712, consisting of the issuance by the Company to the shareholders of Cheyi BVI an aggregate of 3,189,000 fully paid Company's ordinary shares (being U.S. \$6,760,680 of \$2.12 per share) and payment of \$2,000,000 at closing, and Year-2021 earnout payment of U.S. \$8,826,019 and Year-2022 earnout payment of U.S. \$5,884,013 if the Cheyi BVI's audited net income for its fiscal year

2021 and 2022 is no less than U.S. \$3,000,000 respectively. The two earnout payments are due 13 months upon the delivery of Cheyi BVI’s audited financial statements.

On March 14, 2022, the Company entered into a Share Purchase Agreement with Yinhua which develops and operates a comprehensive auto related service platform to serve auto insurance companies, and each of the shareholders of the Yinhua. Under terms of the share purchase agreement, we shall pay \$10,076,600 in exchange for 100% equity of Yinhua. Of the total consideration to be paid, \$7,078,100 shall be paid in form of 3,826,000 newly issued ordinary shares of the Company, representing \$1.85 per ordinary share of the Company, and \$1,000,000 upon closing. In addition, a cash earnout of \$1,998,500 shall be paid if Yinhua achieves a net income target threshold of \$1.3 million during the calendar year of 2022. On March 18, 2022, the parties completed the transaction. Upon the closing of the transaction, the Company acquired 100% shares outstanding of the Yinhua, and the Company issued 3,826,000 ordinary shares and paid \$1,000,000 to the sellers.

On May 26, 2023, the Company entered into a Share Purchase Agreement with Liquor Alliance Investment (BVI) Limited ("Alliance BVI") which operates its liquor distribution business through its variable interest entity Xiamen Alliance Liquor Industry Group Co., Ltd. (formerly known as Guizhou Minzusheng Liquor Co., Ltd.) in China, and each of the shareholders of the Alliance BVI, pursuant to which, among other things and subject to the terms and conditions contained therein, the Company acquired 100% of Alliance BVI for approximately \$21,292,948, of which 4,569,095 ordinary shares was issued upon closing. Alliance BVI shall receive cash in the amount of \$8,042,090 if it achieves a targeted net income of US\$2.0 million during the fiscal year of 2023 and 2024, respectively.

As of December 31, 2023, the authorized number of ordinary shares is 50,000,000 with a par value of \$0.001 and the issued number of ordinary shares is 27,529,372.

The Company believes it is appropriate to reflect the above transactions as re-denomination and nominal issuance of shares on a retroactive basis similar to stock split or dividend pursuant to ASC 260. According to the above transactions, the Company has retroactively adjusted the shares and per share data for all periods presented.

Share subscription receivables

Share subscription receivables represent unpaid capital contribution from the Company’s shareholders of \$851,045 and \$847,086 as of December 31, 2023 and 2022, respectively.

Statutory reserves

In accordance with the relevant PRC laws and regulations, the Company’s subsidiaries in the PRC are required to provide for certain statutory reserves, which are appropriated from net profit as reported in accordance with PRC accounting standards. The Company’s subsidiaries in the PRC are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital. Appropriations to other types of reserves in accordance with relevant PRC laws and regulations are to be made at the discretion of the board of directors of each of the Company’s subsidiaries in the PRC. The statutory reserves are restricted from being distributed as dividends under PRC laws and regulations. The statutory reserves recorded by the Company’s subsidiaries in the PRC were \$890,021 and \$1,036,841 as of December 31, 2023 and 2022, respectively.

Restricted assets

As a result of these PRC laws and regulations and the requirement that distributions by the Company’s subsidiaries in the PRC can only be paid out of distributable profits reported in accordance with PRC accounting standards, the Company’s subsidiaries in the PRC are restricted from transferring a portion of their net assets to the Company. The restricted amounts include the paid-in capital and the statutory reserves of the Company’s subsidiaries in the PRC. The aggregate amount of paid-in capital and statutory reserves, which represented the amount of net assets of the Company’s subsidiaries in the PRC not available for distribution, was \$Nil and \$Nil as of December 31, 2023 and 2022, respectively.

Note 21 – Commitments and Contingencies

Lease Commitments

The Company entered into a lease for office space located in Shenzhen, Guangdong, China for the period from November 21, 2018 to November 20, 2023 and then extended by one year. The Company’s commitments for minimum lease payment under these operating leases as of December 31, 2023 are listed in section "Note 16 – Leases".

Contingencies

From time to time, the Company is party to certain legal proceedings, as well as certain asserted and unasserted claims.

In accordance with ASC No. 450-20, "Loss Contingencies", the Company will record accruals for above loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. There are no other material loss contingencies than above-mentioned ones for the years ended December 31, 2023 and 2022.

Note 22 – Segment information

The Company’s CODM has been identified as its CEO, who reviews the financial results when making decisions about allocating resources and assessing performance separately of four business segments as below:

- trucking business, conducted by Mingzhu and its subsidiaries and Feipeng BVI, its subsidiaries and its VIEs;
- car owner services business, conducted by Yinhua, its subsidiaries and its VIEs
- liquor distribution business, conducted by Alliance BVI, its subsidiaries and its VIEs

and therefore, the Company has four reportable segments. The Company’s long-lived assets are substantially all located in the PRC and all of the Company’s revenues are derived from the PRC.

The acquisition of Cheyi BVI, Yinhua, Alliance BVI, Feipeng BVI was completed on December 29, 2021, March 14, 2022, May 26, 2024 and December 20, 2022, in accordance with the ASC-805, the Company only is able to account the revenue generated by Cheyi BVI, Yinhua, Feipeng BVI, Alliance BVI and their subsidiaries after the acquisition is completed. The Company had carefully evaluated the amount of such revenue generated by Cheyi BVI, Yinhua, Feipeng BVI, Alliance BVI and their subsidiaries with reasonable estimates.

Segment information for the years as of December 31, 2023 and 2022 is as follows:

	As of December 31,	
	2023	2022
Total assets		

Trucking services	\$ 68,400,751	\$ 36,461,922
Car owner services	19,447,401	27,053,149
Liquor distribution	1,154,091	-
Total	<u>\$ 89,002,243</u>	<u>\$ 63,515,071</u>
Total Property and equipment, net		
Trucking services	\$ 843,984	\$ 1,459,760
Liquor distribution	618,811	-
Total	<u>\$ 1,462,795</u>	<u>\$ 1,459,760</u>

As of December 31, 2023, the balance of goodwill represented an amount of \$22,029,753 that arose from acquisition of Alliance BVI in 2023, \$5,364,709 that arose from acquisition of Yinhua in March 2022 and \$13,715,130 that arose from acquisition of Feipeng BVI in December 2022.

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Note 23 – Subsequent events

On April 16, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), pursuant to which two accredited investors agreed to purchase an aggregate of 5,000,000 ordinary shares (the "Shares"), par value \$0.001 per share, for an aggregate purchase price of \$2,000,000, representing a purchase price of \$0.40 per Share (the "Financing"). The Purchase Agreement contains customary representations and warranties by the Company and customary closing conditions. On April 17, 2024, the Company closed the Financing. At the closing, the Company received gross proceeds of \$2,000,000 in the aggregate, in exchange for the issuance of the Shares. The issuance of the Shares was exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

On March 30, 2024, a 2024 Incentive Plan is being filed by the Company in accordance with the requirements of Form S-8 in order to register 5,000,000 ordinary shares, par value of \$0.001 ("Ordinary Shares") of the Company issuable pursuant to the 2024 incentive equity plan of the Company (the "2024 Incentive Plan") adopted by the Board of Directors of the Company.

Note 24 – Condensed financial information of the parent company (unaudited)

The Company performed a test on the restricted net assets of consolidated subsidiary in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial statements for the parent company.

The subsidiaries did not pay any dividend to the Company for the years presented. For the purpose of presenting parent only financial information, the Company records its investment in its subsidiary under the equity method of accounting. Such investment is presented on the separate condensed balance sheets of the Company as "Investment in subsidiary" and the income of the subsidiary is presented as "share of income of subsidiary". Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted.

The Company did not have other commitments, long-term obligations, or guarantees as of December 31, 2023 and 2022.

PARENT COMPANY BALANCE SHEETS

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,047,028	\$ 1,139,015
Prepayments	222,556	222,556
Amount due from related parties	14,160,256	14,080,100
Total current assets	<u>15,429,840</u>	<u>15,441,671</u>
NON-CURRENT ASSET		
Investment in subsidiaries and VIEs	45,909,984	43,791,004
Net assets held for sale		10,367,104
Total assets	<u>\$ 61,339,824</u>	<u>\$ 69,599,779</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
	\$ 16,782,871	\$ 21,497,787
SHAREHOLDERS' EQUITY		
Ordinary shares: \$0.001 par value, 50,000,000 shares authorized, 27,529,372 and 22,960,277 shares issued and outstanding as of December 31, 2023 and 2022, respectively	27,529	22,960
Share subscription receivables	(847,086)	(847,086)
Additional paid-in capital	41,220,949	41,734,546
Statutory reserves	890,021	1,036,841
Retained earnings	4,901,797	7,704,538
Accumulated other comprehensive (loss) income	(1,636,257)	(1,549,807)
Total shareholders' equity	<u>44,556,953</u>	<u>48,101,992</u>
Total liabilities and shareholders' equity	<u>\$ 61,339,824</u>	<u>\$ 69,599,779</u>

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	For the Year Ended December 31,		
	2023	2022	2021
INCOME(LOSS) OF SUBSIDIARIES	\$ 869,028	\$ 370,919	\$ (490,484)
COSTS AND EXPENSES			
General and Administrative expenses	503,937	429,246	447,929
Total costs and expenses	503,937	429,246	447,929
INCOME(LOSS) FROM OPERATION	365,091	(58,327)	(938,413)
INCOME(LOSS) BEFORE INCOME TAXES	365,091	(58,327)	(938,413)
PROVISION FOR INCOME TAXES	-	-	-
NET INCOME(LOSS)	365,091	(58,327)	(938,413)
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation adjustment	(86,450)	(1,409,431)	(640,974)
COMPREHENSIVE INCOME (LOSS)	\$ 278,641	\$ (1,467,758)	\$ (1,579,387)

PARENT COMPANY STATEMENT OF CASH FLOWS

	For the Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	\$ 365,091	\$ (58,327)	\$ (938,413)
Adjustments to reconcile net income to cash used in operating activities:			
Equity income of subsidiaries	(869,028)	(370,919)	490,484
Prepayments	-	(1,940,031)	(4,400,661)
Net cash provided by (used in) operating activities	(503,937)	(2,369,277)	(4,848,590)
Cash flows from financing activities:			
Amounts advanced from (paid to) related parties	498,401	429,245	(10,556,693)
Proceeds from private placement	-	-	18,465,009
Net cash provided by (used in) financing activities	498,401	429,245	7,908,316
Effect of exchange rate change on cash	(86,450)	-	2,444
Net (decrease) increase in cash	(91,986)	(1,940,032)	3,062,170
Cash at beginning of the year	1,139,014	3,079,046	16,876
Cash at end of the year	\$ 1,047,028	\$ 1,139,014	\$ 3,079,046

DESCRIPTION OF SECURITIES

MingZhu Logistics Holdings Limited (“we,” “our,” “us” or the “Company”) is a Cayman Islands company and our affairs are governed by our amended and restated memorandum and articles of association and the Companies Act. On October 23, 2020, the Company consummated its initial public offering of 3,000,000 ordinary shares, par value \$0.001, at the price of \$4.00 per share. On March 12, 2021, the Company consummated an follow-on offering of 3,333,335 units (“Unit”), with each Unit consisting of (i) one ordinary share of the Company, par value \$0.001 per share, and (ii) one warrant to purchase 0.75 ordinary share at an exercise price equal to \$6.60, exercisable for three years and six months after the issuance date and subject to certain adjustment and cashless exercise provisions.

Our ordinary shares are listed on the Nasdaq Capital Market under the symbol “YGMZ”. We did not apply for listing of the warrants on any securities exchange or nationally recognized trading system, and we do not expect a market to develop for the warrants.

Defined terms used herein and not defined herein shall have the meaning ascribed to such terms in the Company’s Annual Report on Form 20-F.

Ordinary Shares

General

We are authorized to issue 50,000,000 ordinary shares of par value \$0.001 each. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders, whether or not they are non-residents of the Cayman Islands, may freely hold and transfer their ordinary shares in accordance with the amended and restated memorandum and articles of association.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our articles of association provide that our board of directors may declare and pay dividends if justified by our financial position and permitted by law.

Voting Rights

In respect of all matters subject to a shareholders’ vote, each ordinary share is entitled to one vote. Voting at any meeting of shareholders is by show of hands unless voting by way of a poll is required by the rules of any stock exchange on which our shares are listed for trading, or a poll is demanded by the chairman of such meeting or one or more shareholders holding not less than 10% of the total voting rights of all shareholders having the right to vote at the meeting. A quorum required for a meeting of shareholders consists of one shareholder who holds at least one-third of our issued voting shares. Shareholders’ meetings may be held annually. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Extraordinary general meetings may be called by a majority of our board of directors or upon a requisition of shareholders holding at the date of deposit of the requisition not less than 40% of the aggregate share capital of our company that carries the right to vote at a general meeting, in which case an advance notice of at least 120 clear days is required for the convening of our annual general meeting and other general meetings by requisition of the shareholders. An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our amended and restated memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors. Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary shares irrespective of whether the shares are fully paid or the Company has no lien over it. If our board of directors refuses to register a transfer, it shall, within two months after the date on which the transfer was lodged, send to each of the transferor and the transferee notice of such refusal. Upon completion of IPO, we intended to waive our right to refuse transfers of any ordinary shares. The registration of transfers may, after compliance with any notice required of the stock exchange on which our shares are listed, be suspended at such times and for such periods as our board of directors may determine, provided, however, that the registration of transfers shall not be suspended for more than 30 days in any year as our board of directors may determine.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 15 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares

The Companies Act and our memorandum of association permit us to purchase our own shares. In accordance with our articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, provided the requirements under the Companies Act have been satisfied, including out of capital, as may be determined by our board of directors.

Inspection of Books and Records

Holders of our ordinary shares have no general right under our articles of association to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements.

Issuance of Additional Shares

Our memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares. Our memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series to be issued;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and

- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

Warrants

Duration and Exercise Price

The warrants offered in the IPO have an exercise price of US\$6.60 per share. The warrants are immediately exercisable after the closing of the IPO (the “Initial Exercise Date”) for 0.75 ordinary share per warrant and will expire three and one-half years after the Initial Exercise Date. The exercise price and number of ordinary shares issuable upon exercise are subject to appropriate adjustment in the event of share dividends, share splits, reorganizations or similar events affecting our ordinary shares. Warrants will be issued in certificated form only.

Exercisability

The warrants are exercisable, at the option of each holder, in whole or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of ordinary shares purchased upon such exercise (except in the case of a cashless exercise as discussed below). A holder (together with its affiliates) may not exercise any portion of such holder's warrants to the extent that the holder would own more than 4.99% (or, at the election of the purchaser, 9.99%) of our outstanding ordinary shares immediately after exercise, except that upon at least 61 days' prior notice from the holder to us, the holder may increase the amount of ownership of outstanding ordinary shares after exercising the holder's warrants up to 9.99% of the number of ordinary shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants.

Cashless Exercise

If at the time of exercise hereof there is no effective registration statement registering, or the prospectus is not available for the issuance of the ordinary shares underlying the warrants, Warrants may be exercised on a “cashless exercise” basis pursuant to which the holder will receive upon such exercise a net number of ordinary shares determined according to a formula set forth in the warrants.

Fundamental Transactions

In the event of any fundamental transaction, as described in the warrants and generally including any merger with or into another entity, sale of all or substantially all of our assets, tender offer or exchange offer, or reclassification of our ordinary shares, then upon any subsequent exercise of a warrant, the holder will have the right to receive as alternative consideration, for each ordinary share that would have been issuable upon such exercise immediately prior to the occurrence of such fundamental transaction, the number of ordinary shares of the successor or acquiring corporation or of our company, if it is the surviving corporation, and any additional consideration receivable upon or as a result of such transaction by a holder of the number of ordinary shares for which the warrant is exercisable immediately prior to such event.

Trading Market

There is no established trading market for the warrants, and we do not expect a market to develop. We do not intend to apply for a listing for the warrant on any securities exchange or other nationally recognized trading system. Without an active trading market, the liquidity of the warrants will be limited.

Rights as a Shareholder

Except as otherwise provided in the warrants or by virtue of the holders' ownership of ordinary shares, the holders of warrants will not have the rights or privileges of holders of our ordinary shares, including any voting rights, until such warrant holders exercise their warrants.

The Placement Agent Warrants

We have entered into a Placement Agent Agreement with FT Global Capital, pursuant to which FT Global Capital has acted as our exclusive placement agent in connection with the IPO (the “Placement Agent”).

We have issued to the Placement Agent warrants (“Placement Agent Warrant”) upon closing of the IPO. The Placement Agent Warrants are generally be on the same terms and conditions as the investor warrants, subject to limitations set forth in FINRA Rule 5110, provided that the exercise price of the Placement Agent Warrants shall be 125% of the public offering price of the Units and the term of the Placement Agent Warrants shall expire on the three and one-half year anniversary of the date of commencement of sales in the IPO. Pursuant to FINRA Rule 5110(e), with limited exceptions, any ordinary shares issued upon exercise of the Placement Agent Warrants shall not be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the IPO. The Placement Agent Warrants contain “piggy-back” registration rights.

List of Subsidiaries and VIEs of YGMZ.

Subsidiaries	Place of Incorporation
Mingzhu Logistics Holdings Limited	Cayman Islands
Mingzhu Investment Limited	British Virgin Islands
Yinhua (BVI) Limited	British Virgin Islands
Feipeng Global Limited	British Virgin Islands
Cheyi (BVI) Limited	British Virgin Islands
Alliance Liquor Investment (BVI) Limited	British Virgin Islands
YGMZ (Hong Kong) Limited	Hong Kong
Yinhua (HK) Limited	Hong Kong
Feipeng Enterprises (HK) Limited	Hong Kong
Cheyi (Hong Kong) Limited	Hong Kong
Alliance Liquor Investment (HK) Limited	Hong Kong
Shenzhen Yangang Mingzhu Freight Industry Co., Ltd.	PRC
Shenzhen Yangang Mingzhu Supply Chain Management Co., Ltd.	PRC
Zhejiang Caiyunlian Technology Co., Ltd.	PRC
Shenzhen Feipeng Zhongheng Supply Chain Management Co., Ltd.	PRC
Shenzhen Pengcheng Shengshi Logistics Co., Ltd.	PRC
Ningbo Cheyi Corporate Information Consulting Co., Ltd.	PRC
Xiamen Alliance Management Consulting Co., Ltd.	PRC
Variable Interest Entities	Place of Incorporation
Hainan Zhisheng Car Services Co., Ltd.	PRC
Xinjiang Feipeng Logistics Co., Ltd.	PRC
Shanghai Feipeng Supply Chain Management Co., Ltd.	PRC
Xiamen Alliance Liquor Industry Group Co., Ltd.	PRC

独家服务总协议

MASTER EXCLUSIVE SERVICE AGREEMENT

本独家服务总协议(“本协议”)由以下双方于2023年5月1日在厦门市订立:

This Master Exclusive Service Agreement (this “Agreement”) is entered into in Shenzhen as of May 1, 2022 by and among the following parties:

- (1) 厦门艾莱斯管理咨询有限公司(“甲方”), 一家根据中华人民共和国(“中国”)法律在中国厦门注册成立的外商独资企业;和

Xiamen Alliance Management Consulting Co., Ltd. (“Party A”), a wholly foreign-owned enterprise registered in Shenzhen, the People’s Republic of China (“China” or “PRC”), under the laws of China; and

- (2) 厦门艾莱斯酒业集团有限公司(“乙方”), 一家根据中国法律在中国仁怀注册成立的内资公司。

Xiamen Alliance Liquor Industrial Group Co., Ltd. (“Party B”), a domestic company registered in Renhuai, China, under the laws of China.

(以上甲方、乙方单独称为“一方”, 合称为“双方”)。

(Each of the Party A and Party B, a “Party”, and collectively the “Parties”).

序言

RECITALS

鉴于, 双方有意利用各自的专业能力和资源进一步促进其现有业务、扩大各自的市场份额; 以及

WHEREAS, the Parties intend to utilize their respective expertise and resources to further promote their existing business and expand their market share; and

鉴于, 甲方及其关联方有意向乙方及其附属主体(以下合称“接受服务方”)提供特定服务, 乙方同意仅从甲方接受该等服务。

WHEREAS, Party A, together with its affiliates, intends to provide certain services to Party B and its subsidiaries (collectively referred to as the “Service Receiving Parties”); and Party B agrees to accept such services only from Party A.

有鉴于此, 基于本协议中包含的各项前提、声明、保证、承诺和约定, 双方愿意受其约束, 并达成如下约定:

1

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

协议

AGREEMENT

1. 提供服务

Provision of Services

- 1.1 依据本协议规定的条款和条件, 乙方特此不可撤销地委任和指定甲方作为接受服务方的独家服务提供者, 提供包括但不限于附件1中列出的技术和业务支持服务, 该等服务的范围可依据甲方的自主判断进行不时修订。

In accordance with the terms and conditions set forth in this Agreement, Party B hereby irrevocably appoints and designates Party A as Service Receiving Parties’ exclusive service provider to provide the technical and business support services including but not limited as set forth in Schedule 1, the scope of such aforesaid services shall be amended from time to time at Party A’s sole discretion.

- 1.2 在本协议期间, 接受服务方未经甲方事先书面同意不得直接或间接地从第三方获取与本协议项下服务相同或相似的服务, 亦不得同任何第三方签订类似的服务协议。

During the term of this Agreement, the Service Receiving Parties shall not, without the Party A’s prior written consent, directly and indirectly, obtain the same or similar services as provided under this Agreement from any third party, or enter into any similar service agreement with any third party.

2. 甲方指定服务提供者的权利; 工作说明

Party A’s Power to Designate Service Provider; Statement of Work

- 2.1 甲方有权依其完全自主判断自行指定并委任任何其关联方(与甲方合称为“服务提供者”)提供本协议第一条中规定的任何服务。

Party A has the right to designate and appoint, at its sole discretion, any entities affiliated with Party A (together with Party A, the “Service Providers”) to provide any and all services set forth in Section 1 hereof.

- 2.2 服务提供者应与接受服务方通过一个或多个单独的服务协议(“服务协议”)在附件1规定的范围(及其不时修订)之内确定具体的服务内容。

Service Providers shall determine the specific contents of services within the scope listed in Schedule 1 (as amended from time to time) with the Service Receiving Parties in one or more separate service agreements (each, a “Service Agreement”).

2

3. 服务费和支付

Service Fee and Payment

3.1 甲方依其合理判断自主决定接受服务方须付的服务费和适当的支付方式。本协议附件1规定了服务费的计算和支付方式。

Party A shall have the right to determine, at its reasonable discretion, the service fee and proper payment manners for the Service Receiving Parties. The calculation and payment manners of the service fee are stipulated in Schedule 1 of this Agreement.

3.2 若甲方依其合理判断自主认定服务费计算方式不再于本协议期间内适用，甲方有权随时在提前10天书面通知接受服务方后调整费用。

If Party A, in its reasonable discretion, determines that the fee calculation method specified shall no longer apply for any reasons at any time or from time to time during the term of this Agreement, the Party A shall have the right to adjust the fee by giving a 10-day written notice to the Service Receiving Parties.

3.3 乙方应促使乙方的股东以其持有的乙方股权向甲方提供质押担保，以保证本协议项下接受服务方须支付的服务费得到支付。

The Party B shall procure its shareholders to pledge all of the equity interests of the Party B held by such shareholders in favor of Party A to secure the service fee payable by the Service Receiving Parties under this Agreement.

4. 知识产权

Intellectual Property Rights

4.1 本协议履行过程中开发的任何知识产权(包括但不限于版权、商标、专利、技术秘密和专门知识)归服务提供者所有，除本协议另有明确规定，接受服务方不享有任何与知识产权有关的权利。

Any intellectual properties developed by performance of this Agreement, including but not limited to copyrights, trademarks, patents, technical secrets, and knowhow, belong to the Service Providers, and the Service Receiving Parties shall enjoy no rights where they relate to intellectual properties other than those expressly provided herein.

4.2 若一项开发是基于接受服务方所有的知识产权，接受服务方应确保并保证该知识产权无瑕疵，且其须就该知识产权的瑕疵对服务提供者产生的全部损害和损失承担责任。若服务提供者因此向第三方承担任何责任，服务提供者有权就其全部损失从接受服务方处获得偿付。

If a development is based on the intellectual properties owned by the Service Receiving Parties, the Service Receiving Parties shall warrant and guarantee that such intellectual properties are flawless and the Service Receiving Parties shall bear all damages and losses suffered by the Service Providers due to or arising from any flaw of such intellectual properties. If the Service Providers are to bear any liabilities to any third party thus caused, they have the right to recover all of their losses from Service Receiving Parties.

4.3 双方同意，本协议终止或失效时，本条仍然有效。

The Parties agree that this section shall survive the termination or expiration of this Agreement.

5. 甲方的财务支持

Party A's Financing Support

5.1 为确保接受服务方业务运营的现金流需求和/或为抵消接受服务方业务运营中累积的任何损失，甲方将会在中国法律允许的范围内由其自身或通过其指定的其他方向接受服务方提供财务支持。甲方可以以银行委托贷款或其他中国法律允许的方式向接受服务方提供财务支持。就上述财务支持事宜，双方应另行签署相关协议予以约定。

To ensure that the cash flow requirements with regard to the business operations of the Service Receiving Parties are met and/or to set off any loss accrued during such operations, Party A shall, to the extent permissible under PRC law, through itself or its designated person, provide financial support to the Service Receiving Parties. The Party A's financing support to the Service Receiving Parties may take the form of bank entrusted loans or other forms permitted under PRC law. Agreements for such financing support shall be executed separately.

6. 陈述和保证

Representations and Warranties

6.1 甲方特此作出如下陈述和保证：

Party A hereby represents and warrants as follows:

(a) 其是依照中国法律正式注册设立并有效存续的一家外商独资企业；

It is a wholly-foreign owned enterprise duly incorporated and validly existing under PRC laws;

(b) 其于公司权力和营业范围之内签署并履行本协议。其已采取必要的公司行为且获得适当授权；及

Its execution and performance of this Agreement are within its corporate power and business scope. It has taken necessary corporate actions and obtained appropriate authorizations; and

(c) 本协议一经签署即构成对甲方合法、有效、有约束力的义务，并依本协议之条款可对其强制执行。

Upon execution, this Agreement will constitute a legal, valid and binding obligation of Party A enforceable against Party A in accordance with its terms.

6.2 乙方特此作出如下陈述和保证：

The Party B hereby represents and warrants as follows:

(a) 其是依照中国法律正式注册设立并有效存续的法人：

It is a legal person duly incorporated and validly existing under PRC laws;

(b) 其于公司权力和营业范围之内签署并履行本协议。其已采取必要的公司行为且获得适当授权，并已从第三方和政府部门获得必要的同意及批准。其签署并履行本协议不会违反法律或对其有约束力的合同；及

Its execution and performance of this Agreement are within its entity power and business scope. It has taken necessary entity actions and obtained appropriate authorizations, and has obtained the necessary consents and approvals from any third parties and government agencies. Its execution and performance of this Agreement do not violate the laws and contracts binding upon it; and

(c) 本协议一经签署即构成对乙方合法、有效、有约束力的义务，并依本协议之条款可对其强制执行。

Upon execution, this Agreement will constitute a legal, valid and binding obligation of the Party B enforceable against the Party B in accordance with its terms.

7. 保密条款

Confidentiality

7.1 乙方应当，且应当保证其他接受服务方对就履行本协议而获得的机密数据和信息（合称“**保密信息**”）予以保密。非经甲方的事先书面同意，接受服务方不得向任何第三方披露、提供或转让该等保密信息。一旦本协议终止，接受服务方应根据甲方要求立即将载有保密信息的任何文件、资料或软件归还甲方，或予以销毁，并从所有相关记忆装置中删除所有保密信息，且不得继续使用这些保密信息。

The Party B shall, and shall ensure other Service Receiving Parties to protect and maintain the confidentiality of the confidential data and information received by the Service Receiving Parties in connection with the performance of this Agreement (collectively, the “**Confidential Information**”). The Service Receiving Parties shall not disclose, give or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination of this Agreement, the Service Receiving Parties shall, at Party A's request, immediately return any and all documents, information or software containing any of such Confidential Information to Party A or destroy it, and delete all of such Confidential Information from any memory devices, and cease to use such Confidential Information.

7.2 协议双方均应当采取必要措施，将其知悉或了解的保密信息限制在其有关职员、代理人或顾问的范围内，并要求上述人员严格遵守本条款，不将有关保密信息泄露予任何第三方。双方均承诺不将从对方处取得的保密信息披露或泄露给其无关的职员。

Both parties shall take necessary measures to limit its knowledge or understanding of the Confidential Information to the relevant employees, agents or advisers, and require such persons to abide by the terms and conditions strictly, do not disclose the Confidential Information to any third parties. Both parties pledged not to disclose or reveal the Confidential Information obtained from the other party to its unrelated staff.

7.3 双方同意本协议因任何原因终止或失效时，本条仍然有效。

The Parties agree that this section shall survive the termination or expiration of this Agreement for any reasons.

8. 生效日和期限

Effective Date and Term

8.1 本协议于文首所载之日签署并生效。

This Agreement shall be executed and take effect as of the date first set forth above.

8.2 除非按本协议规定终止，本协议永久有效。尽管有上述约定：(i) 甲方有权随时以提前三十(30)日书面通知乙方的方式终止本协议，乙方无权终止本协议；并且(ii) 根据《独家购股权协议》，如乙方之全部股权已转让给甲方和/或甲方指定的第三方，本协议于该等转让完成时终止。

This Agreement shall remain effective unless terminated as provided herein. Notwithstanding the foregoing provisions: (i) Party A shall have the right to terminate this Agreement at any time with a written notice to Party B given thirty (30) days in advance, whereas Party B shall not have the right to terminate this Agreement; and (ii) This Agreement shall be terminated upon completion of the transfer of all the equity interest of Party B to the Party A and/or a third party designated by the Party A pursuant to the Exclusive Option Agreement.

8.3 本协议由于任何原因提前终止或期满并不免除任何一方在本协议终止日或期满日前到期的本协议项下所有款项的支付义务（包括但不限于本协议所规定的任何服务费），也不免除任何一方在本协议项下的补偿或保证义务或者在本协议终止前的任何违约责任。此外，本协议提前终止时，乙方应向甲方支付为了有条不紊地终止正在进行的服务以及遣散和重新调配投入该服务的人力资源和资本资源而进行的任何合理和必要的活动而直接或间接产生的一切费用。

The payment obligations hereunder accrued at or before termination of this Agreement shall not be exempted due to any early termination or expiration hereof (including but not limited to the service fee and reimbursed expense stipulated herein), and no Party hereto shall be exempted from any indemnity or undertaking obligation hereunder, or any responsibility for its breach of this Agreement before termination hereof. In addition, in the event of early termination hereof, Party B shall make full payment to the Party A of all expenses directly or indirectly arising out of any reasonable and necessary actions for the purpose of systematical terminating the on-going services and re-deploying the manpower resources and capital resources.

9. 管辖法律

Governing Law

本协议依中国法律解释, 受中国法律管辖。

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

10. 争议解决

Dispute Resolution

10.1 因本协议产生或与本协议相关的任何争议或主张应由甲方与乙方通过友好协商的方式解决。如果双方未能解决争议, 应将争议提交到厦门仲裁委员会(“仲裁委”), 由仲裁委按照申请仲裁时有效的仲裁委仲裁规则经由仲裁解决。仲裁地为厦门, 仲裁语言为中文。只用一名仲裁员仲裁, 该仲裁员由仲裁委指定。仲裁裁决具终局性且对双方都有约束力。

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by Party A and Party B in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Xiamen Arbitration Commission (the “**Arbitration Commission**”) for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Xiamen, and the language of arbitration shall be Chinese. The arbitration tribunal shall be composed of only one arbitrator, which shall be appointed by the arbitration commission. The arbitral award shall be final and binding upon both Parties.

10.2 在争议解决和仲裁程序进行过程中, 除了本协议正在仲裁的事宜以外, 双方应在实际可行的前提下继续履行本协议。每一方应自行承担为解决任何争议而发生的费用, 但仲裁费应由双方平均分担。

Throughout any dispute resolution and arbitration proceedings, the Parties shall continue to perform this Agreement, to the extent practical, with the exception of the matter that is under arbitration. Each Party shall be responsible for its own expenses in connection with resolving any dispute, but the arbitration fees shall be shared equally.

11. 通知

Notices

任何一方按本协议规定发出的通知或其他通信应以英文和中文书写, 并可以专人递送、挂号邮寄、邮资预付邮寄、或受承认的专递服务的形式发送到另一方指定的收件地址。通知被视为正式送达的日期, 应按如下方式确定: (i) 专人递送的通知, 专人递送当日即视为已实际送达; (ii) 用信函发出的通知, 则在邮资付讫的航空挂号信寄出日(依邮戳为准)后的第十(10)天, 即视为已实际送达, 或在送交国际认可的专递服务机构后的第四(4)天, 即视为已实际送达。

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service to the address of the other party as specified by such party. The date when a notice is deemed to be duly served shall be determined as follows: (i) a notice delivered personally is deemed duly served upon delivery; and (ii) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency.

为通知的目的, 各方的地址如下:

For the purpose of notification, the addresses of the parties are as follows:

甲方: 厦门艾莱斯管理咨询有限公司

Party A: Xiamen Alliance Management Consulting Co., Ltd.

地址: 中国(福建)自由贸易试验区厦门片区象屿路93号厦门国际航运中心C栋4层431单元B

Address: Unit B, 431, 4th Floor, Building C, Xiamen International Shipping Center, No. 93 Xiangyu Road, Xiamen Area, Pilot Free Trade Zone, China (Fujian)

乙方: 厦门艾莱斯酒业集团有限公司

Party B: Xiamen Alliance Liquor Industrial Group Co., Ltd.

地址: 厦门市湖里区东黄路217号919室

Address: Room 919, No. 217 Donghuang Road, Huli District, Xiamen, China

任何一方可按本条规定随时给另一方发出通知来改变其接收通知的地址。

Each party can give a notice to the other party at any time to change the address of receiving notifications.

12. 损害和赔偿

Indemnities and Remedies

12.1 如乙方存在以下情形, 则乙方应就该等情形给甲方造成的损失、损害、责任、被索赔损失等(包括合理的律师费, “损失”)依照甲方的要求立即予以赔偿, 以使甲方免受损失: (i) 乙方在本协议中所作的任何陈述或保证不真实、不准确或不完整, 或者(ii)乙方违反了其在本协议中所作的任何陈述或保证, 或者(iii)乙方违反了其在本协议中任何约定或承诺。

Party B shall forthwith on demand indemnify and hold harmless the Party A against any claim, loss, liability or damage (including reasonable legal fees, “Loss”) which the Party A shall suffer due to any of the following circumstances: (i) any of the representations or warranties herein made by Party B is untrue, inaccurate or incomplete, or (ii) Party B breaches any of its representations or warranties herein, or (iii) Party B breaches any covenant or undertaking herein.

- 12.2 双方同意本协议终止或失效时，本条仍然有效。

The Parties agree that this section shall survive the termination or expiration of this Agreement.

13. 转让

Assignment

- 13.1 未经甲方事先书面同意，接受服务方不得将其在本协议项下的权利和义务转让给任何第三方。

The Service Receiving Parties shall not assign any of its rights or obligations under this Agreement to any third party without the prior written consent of Party A.

- 13.2 乙方在此同意，甲方可转让其在本协议项下的权利和义务。甲方仅需就该转让向乙方发出书面通知。

The Party B hereby agrees that Party A may assign its rights and obligations under this Agreement, only subject to a written notice to Party B.

- 13.3 本协议的条款和条件应为当事方各自的继承人和经许可的受让人之利益而生效，并应约束当事方各自的继承人和受让人。除非本协议明示规定，本协议的任何规定（明示和默示的）均不意图赋予除本协议当事方或其各自继承人和受让人之外的任何其他方本协议项下或源于本协议的任何权利、救济、义务、或责任。

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Save as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

14. 可分割性

Severability

如果本协议项下的任何条款因与适用法律不一致而无效或不可执行，则该条款仅在有关法律的管辖范围之内被视为无效或不可执行，并且本协议其他条款的有效性、合法性和可强制执行性不受其影响。

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

15. 修改或补充

Amendment or Supplement

本协议的任何修改或补充须由双方以书面形式作出。经双方正式签署的修改或补充构成本协议的组成部分，具有与本协议同等的法律效力。

Any amendment or supplement to this Agreement shall be made by the Parties in writing. The amendments or supplements duly executed by the Parties shall form an integral part of this Agreement and shall have the same legal effect as this Agreement.

16. 税费

Taxes

在编制、签署和履行本协议的过程中，各方应分别支付依据中国法律征收或发生的全部税款、支出和费用。

Each Party shall respectively pay any tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation, execution and performance of this Agreement.

17. 语言和文本

Languages and Counterparts

- 17.1 本协议以中文和英文书就，两种文本具备同等法律效力。两种文本若有不一致之处，应以中文为准。

- 17.2 This Agreement is being executed in both Chinese and English versions. Both versions shall have the same legal effect. In case of any discrepancy between the two versions, the Chinese version shall prevail.

- 17.3 本协议由协议双方签署两(2)份原件，甲方和乙方各执一(1)份，所有原件具有同等法律效力。本协议可以一份或多份副本形式签署。

This Agreement shall be executed in two (2) originals by both Parties, with each of the Party A and Party B holding one (1) original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts

[后附签字页Signature page follows]

有鉴于此, 双方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

甲方: 厦门艾莱斯管理咨询有限公司

Party A: Xiamen Alliance Management Consulting Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/Signature/s/ Yuhan ZHAO

盖章: (公章)

Seal/s/ Xiamen Alliance Management Consulting Co., Ltd.

乙方: 厦门艾莱斯酒业集团有限公司

Party B: Xiamen Alliance Liquor Industrial Group Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/Signature/s/ Yuhan ZHAO

盖章: (公章)

Seal/s/ Xiamen Alliance Liquor Industrial Group Co., Ltd.

独家服务总协议 MASTER EXCLUSIVE SERVICE AGREEMENT
签字页 Signature Page

附件1

SCHEDULE 1

服务内容, 服务费的计算和支付

CONTENTS OF SERVICE, CALCULATION AND PAYMENT OF THE SERVICE FEE

1. 服务内容

Contents of Service

- 1.1 提供与接受服务方业务活动相关的信息咨询服务;
Providing information consulting services regarding the business operation of Service Receiving Parties;
- 1.2 提供公关服务;
Providing public relation services;
- 1.3 提供市场调查、研究和咨询服务;
Providing market investigation, research and consulting services;
- 1.4 资产出租、转让和处置;
Leasing, assignment or disposal of properties;
- 1.5 提供对维系业务运转的必要人员的招聘、管理和培训;
Providing recruiting, managing and training of necessary personnel to sustain the business operation;
- 1.6 提供与业务关联的第三方平台开展合作的市场渠道;
Providing marketing channel to cooperate with business-relating third-party platforms;
- 1.7 提供客户订单管理和客户服务;
Providing customer order management and customer services;

- 1.8 提供中短期市场开发、市场规划服务;
Providing mid or short-term market development and market planning services;
- 1.9 提供人力资源管理和内部信息管理;
Providing human resource management and internal information management;
- 1.10 计算机网络系统、硬件设备及数据库的设计、安装和日常管理、维护、更新;
Design, installation, daily management, maintenance and updating of network system, hardware and database design, and/or

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附件1 SCH 1

- 1.11 甲方根据业务需要和服务提供者的能力不定期决定提供的其他服务。
Other services determined from time to time by Party A according to the need of business and capacity of the Service Providers.

2. 服务费的计算和支付

Calculation and Payment of Service Fee

- 2.1 本协议项下的服务费应为接受服务方100%的合并利润总额。尽管有上述约定,甲方可以根据下述第2.2条的规定并参考接受服务方运营资本的需要自行调整服务费的金额。接受服务方应接受该调整。
The service fee shall be equal to 100% of the consolidated net profits of the Service Receiving Parties. Notwithstanding the foregoing provision, Party A may adjust the service fee at its sole discretion in accordance with provision of Clause 2.2 below and with reference to the working capital requirements of the Service Receiving Parties. The Service Receiving Parties shall accept such adjustments.
- 2.2 甲方应向乙方发出服务费数额的书面确认,服务费的具体数额由甲方考虑下列因素后确定:
The specific amount of such fee shall be determined by Party A after taking account of the following factors, and Party A shall send Party B written confirmations with respect to the amounts of the service fee:
- (a) 服务提供者提供服务的技术难度和复杂程度;
The technical difficulty and complexity of the services provided by the Service Providers;
- (b) 服务提供者的雇员就该服务花费的工时;
The time spent by employees of the Service Providers concerning the services;
- (c) 服务提供者提供服务的内容和商业价值;
The contents and commercial value of the services provided by the Service Providers;
- (d) 市场上类似服务的基准价格。
The benchmark price of similar services in the market.
- 2.3 服务提供者按季度计算服务费并将向接受服务方开具相应的发票。接受服务方应在收到发票后10个工作日之内向服务提供者指定的银行账户支付服务费,并在支付后10个工作日之内将付款凭证副本以传真或邮件发送给服务提供者。服务提供者应在收到服务费后10个工作日之内发出收据。尽管有上述约定,甲方可以自行调整服务费的支付时间和支付方式。接受服务方应接受该调整。
The Service Providers will calculate service fee payable on a quarterly basis and send to the Service Receiving Parties corresponding invoices. The Service Receiving Parties shall pay the fee to the bank account designated by the Service Providers within 10 business days after receipt of such invoices, and send a copy of the remittance certificate by facsimile or mail to the Service Providers within 10 business days after payment. The Service Providers shall issue a receipt within 10 business days after receipt of the service fee. Notwithstanding the foregoing provisions, Party A may adjust the time and method of the payment of service fee at its sole discretion. The Service Receiving Parties shall accept such adjustments.

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附件1 SCH 1

业务合作协议

BUSINESS COOPERATION AGREEMENT

本业务合作协议(“本协议”)由以下各方于2023年5月1日在厦门订立:

This Business Cooperation Agreement (the “Agreement”) is entered into in Xiamen as of May 1, 2023 by and among the following parties:

- (1) 厦门艾莱斯管理咨询有限公司(“甲方”), 一家根据中华人民共和国(“中国”)法律在中国厦门注册成立的外商独资企业;

Xiamen Alliance Management Consulting Co., Ltd. (“Party A”), a wholly foreign-owned enterprise registered in Xiamen the People’s Republic of China (“China” or “PRC”), under the laws of China;

- (2) 厦门艾莱斯酒业集团有限公司(“乙方”), 一家根据中国法律在中国仁怀注册成立的内资公司;

Xiamen Alliance Liquor Industrial Group Co., Ltd. (“Party B”), a domestic company registered in Renhuai, China, under the laws of China.

- (3) 每一个在附件1列明的个人(以下该等个人单独称为一名“股东”, 合称为“股东”)

Each of the persons listed under Schedule 1 (each, a “Shareholder” and collectively, the “Shareholders”)

(以上甲方、乙方和每一股东单独称为“一方”, 合称为“各方”).

(Party A, Party B and each of the Shareholders, a “Party”, and collectively the “Parties”).

序言

RECITALS

- (1) 鉴于, 甲方在以下方面已经具备了相关专业能力和实践经验, 包括但不限于利用各自的专业能力和资源进一步促进其现有业务、扩大各自的市场份额。

WHEREAS, Party A has the relevant expertise and practical experience in the following areas, including but not limited to utilize their respective expertise and resources to further promote their existing business and expand their market share.

- (2) 鉴于, 乙方及其附属主体在中国从事以下业务, 包括但不限于: 酒类销售。

WHEREAS, Party B and its subsidiaries engage in the following businesses in China, including but not limited to Liquor sales.

- (3) 鉴于, 甲方与乙方在2023年5月1日签署了一份《独家服务总协议》(“服务协议”), 根据该协议乙方应向甲方支付服务费; 及

WHEREAS, Party A has entered into a Master Exclusive Service Agreement (the “Service Agreement”) dated May 1, 2023 with Party B, pursuant to which Party A is entitled to receive service fees from Party B; and

- (4) 鉴于, 股东持有乙方100%的股权。

WHEREAS, the Shareholders hold 100% equity interests in Party B.

有鉴于此, 基于本协议中包含的各项前提、声明、保证、承诺和约定, 各方愿意受其法律约束, 并达成如下约定:

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

协议

AGREEMENT

1. 不作为承诺

Negative Covenants

为确保乙方及其附属主体履行其与甲方所签服务协议和/或其他协议项下的义务, 股东和乙方连带作出同意并承诺, 未获甲方的事先书面同意, 乙方不得进行、乙方及其股东亦应促使乙方及其附属主体不得进行, 任何会对其资产、义务、权利或经营产生重大影响的交易, 包括但不限于:

To ensure that Party B and its subsidiaries perform their obligations under the Service Agreement and/or other agreements executed with Party A, the Shareholders and Party B jointly and severally, agree and covenant that, without obtaining Party A’s prior written consent, Party B shall not, and each of the Party B and the Shareholders shall cause each of Party B and its subsidiaries not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including but not limited to:

- (a) 其各自正常业务范围未涵盖的活动, 或从事与其过往经营不一致的业务活动;

any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice;

- (b) 合并、整合、兼并、收购、和主要业务及资产的重组以及向任何企业或其他组织进行收购或投资, 设立合营企业、合伙或其他类似经济组织;

merger, reorganization, annexation, acquisition or restructuring of its principal business or assets, or acquisition of or investment in any other enterprise or entity, or establishment of any joint venture, partnership or of other similar entity;

- (c) 向第三方提供、从第三方借入任何贷款、信贷或承担任何债务，正常经营过程中发生的除外；
offering any loan to any third party, incurring any debt, loan or credit from any third party, or assuming any debt other than in the ordinary course of business;
- (d) 雇佣、变更或辞退任何董事或高管人员，制订或实施任何形式的员工激励计划，确定或更改高管薪酬；
engaging, changing or dismissing any director or any senior management officer, formulate or implement any staff motivation scheme, determining or changing the remuneration of senior management officers;
- (e) 向第三方出售、或从第三方获得、抵押/质押、许可第三方使用或以其他方式处置任何有形或无形资产，正常经营过程中发生的除外；
selling to or acquiring from any third party, mortgaging/pledging, licensing or disposing of in other ways tangible or intangible assets, other than in the ordinary course of business;
- (f) 发生、继承、担保或承受任何债务(但不包括在正常业务过程中发生的债务)或使用其资产向第三方提供担保或以其他方式提供保证，或在其资产上设置任何权利负担；
incurring, inheriting, assuming or guaranteeing any debt that are not incurred during the ordinary course of business, using its assets to provide security or other forms of guarantees to any third party, or setting up any other encumbrances over its assets;
- (g) 对其章程或其他组织性文件进行补充、变更或修改，增减其注册资本或通过其他方式变更其注册资本结构；
making any supplement, amendment or alteration to its articles of association or other constitutional documents, increasing or decreasing of its registered capital or changing the structure of its registered capital in other manners;
- (h) 以任何方式进行股息、股权权益或股东权益的分配，但在甲方书面要求时，乙方应当，且应促使其附属主体立即向股东分配全部或部分可分配利润，然后再由股东立即并无条件地将上述分配支付或转移至甲方或其指定的第三方；
making distribution of dividend or equity interest or shareholding interest in whatever ways, provided that upon Party A's written request, Party B shall, and shall cause its subsidiaries immediately distribute part or all distributable profits to their respective shareholder(s) who shall in turn immediately and unconditionally pay or transfer to Party A or any party designated by Party A any such distribution;

- (i) 签署任何重大合同，但在正常业务过程中签署的除外(就本段而言，重大合同的标准由甲方自行判断)；
executing any material contract, except the contracts executed in the ordinary course of business (for purpose of this subsection, Party A may define a material contract at its sole discretion);
- (j) 通过任何方式出售、转让、抵押或处置其业务或收入中的法定或受益权益，或允许设置任何相关的担保权益或其他权利负担；
selling, transferring, mortgaging or disposing of in any manner any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest or any other encumbrance;
- (k) 解散、清算和分配剩余财产；或
dissolution, conducting liquidation and distributing the residual assets; or
- (l) 促使其任何分支机构或子公司发生上述行为或签署任何可能导致上述行为发生的合同、协议或其他法律文件。
causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.

2. 业务经营和人员安排

Business Operation and Personnel Arrangement

- 2.1 乙方同意并向甲方承诺，乙方和股东将促使乙方及其附属主体：(i) 接受甲方就乙方及其附属主体的人员安排和调任、日常运营、股息分配和财务管理系统所提出的建议，且乙方将相应地严格遵守和履行；(ii) 谨慎、有效地经营乙方及其附属主体公司业务和处理公司事务，按照良好的财务和商业标准及实务维持乙方及其附属主体的存续；(iii) 在经营乙方及其附属主体全部业务的正常运营过程中，一直保持乙方及其附属主体的资产价值，不得采取任何可能负面影响乙方及其附属主体业务状况和资产价值的任何行为/不作为；(iv) 在甲方提出要求时提供有关乙方及其附属主体业务经营和财务状况的相关资料；(v) 如甲方要求，为乙方及其附属主体的资产和业务从符合甲方要求的保险公司处购买并持有保险，保险金额和险种应符合同类公司购买的金额和种类；(vi) 如发生或可能发生与乙方或其附属主体的资产、业务或收入相关的任何诉讼、仲裁或行政程序，立即通知甲方；(vii) 为保持乙方及其附属主体对其全部资产的所有权，应签署全部必要或适当的文件，采取全部必要或适当的行为，提出全部必要或适当的控告，或针对全部索赔提出必要和适当的抗辩。

Party B agrees and covenants to Party A that Party B shall, and the Shareholders shall cause Party B and its subsidiaries to, (i) accept suggestions raised by Party A over the employee engagement and replacement, daily operation, dividend distribution and financial management systems of Party B and its subsidiaries, and Party B and its subsidiaries shall strictly abide by and perform accordingly; (ii) maintain Party B and its subsidiaries' corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs; (iii) operate all of Party B and its subsidiaries' businesses during the ordinary course of business to maintain the asset value of Party B and its subsidiaries and refrain from any action/omission that may adversely affect Party B and its subsidiaries' operating status and asset value; (iv) provide Party A with information on Party B and its subsidiaries' business operations and financial condition at Party A's request; (v) if requested by Party A, procure and maintain insurance in respect of Party B and its subsidiaries' assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses; (vi) immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to any of Party B or its subsidiaries' assets, business or revenue; and (vii) execute

- 2.2 股东应仅指派由甲方指定的人员作为乙方及其附属主体的董事，具体程序按相关法律、法规和公司章程规定进行。乙方应促成甲方指定的人员担任乙方及其附属主体的总经理、首席财务官和其他高级管理人员职务。
- The Shareholders shall only appoint persons designated by Party A to be the directors of Party B and its subsidiaries in accordance with the procedures required by laws, regulations and relevant articles of association. Party B shall cause the persons designated by Party A to be the general manager, chief financial officer and other senior management members of Party B and its subsidiaries.
- 2.3 若甲方指定的上述董事或高级管理人员辞职，或应甲方的要求被辞退，股东、乙方应根据甲方的要求将该名人员从乙方或其附属主体辞退，且应指派甲方指定的其他人选继任该职位。
- If any of the above directors or senior management members designated by Party A resigns from the relevant position or is dismissed at the request of Party A, the Shareholders or Party B, as the case may be, shall dismiss such person from Party B or any of its subsidiaries upon Party A's request, and shall appoint any other person designated by Party A to hold such position.
- 2.4 乙方及其股东在此连带向甲方承诺并与其约定，在根据乙方或其附属主体相关的内部审批政策签署任何重大合同（“重大”之定义由甲方予以确定）之前，乙方应获得甲方的相应批准。
- Party B together with its Shareholders hereby jointly and severally covenant to and agree with Party A that Party B shall seek appropriate approval from Party A prior to entering into any material contract (the definition of “material” shall be determined by Party A) in accordance with relevant internal approval policy of any of Party B or its subsidiaries.

3. 其他安排

Other Arrangements

鉴于(i)甲方及其关联方已通过服务协议与乙方及其附属主体建立了业务关系，且(ii)乙方及其附属主体进行的日常业务活动，将对乙方向甲方或其关联方支付服务费用的能力产生重大影响，股东同意，除非甲方要求：

Given (i) that the business relationship between Party A (together with its affiliates) and Party B (together with its subsidiaries) has been established through the Service Agreement and (ii) that the daily business activities of Party B and its subsidiaries will have a material impact on Party B's ability to pay the payables to Party A or its affiliates, the Shareholders agree that, unless required by Party A:

- (a) 不得提出或投票赞成任何股东决议、或以其他方式要求乙方或其任何附属主体向其任何股东分配任何利润、资金、资产或财物；及

They shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request any of Party B or its subsidiaries to, distribute any profits, funds, assets or property to the Shareholders of Party B or its subsidiaries; and

- (b) 不得提出或投票赞成任何股东决议、或以其他方式要求乙方就股东所持的股权分派任何股息或进行其他方式的分配；但若乙方向股东进行股息分配或以其他方式进行分配，股东应于分配发生时立即且无条件向甲方或其指定的第三方支付或转让其作为乙方的股东从乙方获得的任何股息或其他分配，并应在未经甲方事先书面同意便向股东派发股息或进行其他分配的情况下承担该等股息与分配转让或支付给乙方所产生的一切税费（包括乙方被征收的税费）。

They shall not put forward, or vote in favor of, any shareholder resolution to, or otherwise request Party B to, issue any dividends or other distributions with respect to the equity interest of Party B held by the Shareholders; provided, however, if any dividends or other distributions are distributed to the Shareholders by Party B, the Shareholders shall immediately and unconditionally pay or transfer to Party A or any party designated by Party A any and all dividends or other distributions in whatsoever form obtained from Party B as shareholders of Party B at the time such distributions arise, and the Shareholders shall bear any and all taxes and fees with respect to such transfer of dividends and distributions to Party B (including the taxes and fees imposed on Party B) in the event such dividends or distributions are paid to the Shareholders without Party A's prior written consent.

4. 转让

Assignments

未获甲方的事先书面同意，股东和乙方不得向任何第三方转让其各自在本协议项下的权利和义务。股东和乙方在此共同同意，甲方可以其完全自主判断自行转让其在本协议下的权利和义务，且仅需向乙方和股东发出书面通知。

Party B or either Shareholder shall not assign their respective rights and obligations under this Agreement to any third party without the prior written consent of Party A. The Shareholders and Party B hereby jointly agree that Party A may assign its rights and obligations under this Agreement as Party A may decide at its sole discretion and such transfer shall only be subject to a written notice sent to Party B and the Shareholders.

本协议规定的权利和义务对各方的受让人、继承人、配偶、监护人、债权人或者任何其他有权对乙方之股权主张权利或者利益的其他人具有法律约束力，且无论该等权利和义务的转让是由接管、重组、继承、转让、死亡、丧失行为能力、破产、离婚或其他任何原因导致。

Rights and obligations under this Agreement shall be legally binding upon any assignees, successors, spouse, guardians and creditors of the Parties hereof or any other

person that may be entitled to assume rights and interests in the equity interest of Party B, no matter such assignment of obligations and rights is caused by takeover, restructuring, succession, assignment, death, incapacity, bankruptcy, divorce or any other reason.

5. 完整协议和协议修改

Entire Agreement and Amendment to Agreement

- 5.1 本协议及本协议中明确提及或包含的全部约定和/或文件构成关于本协议标的事项的完整协议，并取代各方此前就本协议标的事项达成的所有口头约定、合同、谅解和交流。

This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall supersede any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.

- 5.2 对本协议的任何修改应以书面方式作出，并仅在本协议各方签字后方生效。由各方正式签署的修改协议或补充协议构成本协议的组成部分，与本协议具有同等法律效力。

Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreement and shall have the same legal effect as this Agreement.

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6. 陈述和保证

Representations and Warranties

- 6.1 甲方特此作出如下陈述和保证：

Party A hereby represents and warrants as follows:

- (a) 其是依照中国法律正式注册设立并有效存续的一家外商独资企业；

It is a wholly foreign-owned enterprise duly incorporated and validly existing under PRC law;

- (b) 其于公司权力和营业范围之内签署并履行本协议。其已采取必要的公司行为且获得适当授权；及

Its execution and performance of this Agreement are within its corporate power and business scope. It has taken necessary corporate actions and obtained appropriate authorizations; and

- (c) 本协议一经签署即构成对甲方合法、有效、有约束力的义务，并依本协议之条款可对其强制执行。

Upon execution, this Agreement will constitute a legal, valid and binding obligation of Party A enforceable against Party A in accordance with its terms.

- 6.2 乙方特此作出如下陈述和保证：

Party B hereby represents and warrants as follows:

- (a) 其是依照中国法律正式注册设立并有效存续的法人；

It is a legal person duly incorporated and validly existing under PRC law;

- (b) 其于公司权力和营业范围之内签署并履行本协议。其已采取必要的公司行为且获得适当授权，并已从第三方和政府部门获得必要的同意及批准。其签署并履行本协议不会违反法律或对其有约束力的合同；及

Its execution and performance of this Agreement are within its entity power and business scope. It has taken necessary entity actions and obtained appropriate authorizations, and has obtained the necessary consents and approvals from any third parties and government agencies. Its execution and performance of this Agreement do not violate the laws and contracts binding upon it; and

- (c) 本协议一经签署即构成对接受服务方合法、有效、有约束力的义务，并依本协议之条款可对其强制执行。

Upon execution, this Agreement will constitute a legal, valid and binding obligation of the Service Receiving Party enforceable against the Service Receiving Party in accordance with its terms.

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7. 保密

Confidentiality

- 7.1 各方承认，各方就本协议交换的任何口头或书面信息均属于保密信息。每一方应对上述全部信息保密，在未取得其他方的书面同意前，不得向任何第三方披露任何相关信息，但下述情况除外：(i) 该信息已经或将被公众所知（但不是因为接受一方的违约披露导致的）；(ii) 按照适用法律、法规或证券交易所的要求披露的；或 (ii) 任何一方需要向其法律顾问、财务顾问、董事或高级管理人员披露的有关本协议项下拟定交易的信息，且该法律顾问、财务顾问、董事或高级管理人员受与本款规定相类似的保密义务的制约。如任何一方聘用的任何职员或代理机构披露保密信息，将被视为该方披露了该保密信息并因此承担违约责任。

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, he/she/it shall not disclose any relevant information to any third parties, except in the following circumstances: (i) such information is or will be in the public domain (provided that this is not the result of a public disclosure in breach of

contract by the receiving party); (ii) information disclosed as required by applicable laws or regulations or rules of any securities exchange; or (iii) information required to be disclosed by any Party to his/her/its legal counsel, financial advisor, directors or senior management officers regarding the transaction contemplated hereunder, provided that such legal counsel, financial advisor, directors or senior management officers is also bound by confidentiality duties similar to the duties set out in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement.

7.2 各方同意本协议因任何原因终止或失效时，本条仍然有效。

The Parties agree that this section shall remain survive the termination or expiration of this Agreement for any reasons.

8. 管辖法律

Governing Law

本协议受中国法律管辖且据其进行解释。

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

9. 争议解决

Dispute Resolution

因本协议产生或与本协议相关的任何争议或主张应由各方通过友好协商的方式解决。如果各方未能解决争议，应将争议提交到厦门仲裁委员会（“**仲裁委**”），由仲裁会按照申请仲裁时有效的仲裁委仲裁规则经由仲裁解决。仲裁地为厦门，仲裁语言为中文。只用一名仲裁员仲裁，该仲裁员由仲裁委指定。仲裁裁决具有终局性且对各方都有约束力。

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Xiamen Arbitration Commission (the “**Arbitration Commission**”) for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Xiamen, and the language of arbitration shall be Chinese. The arbitration tribunal shall be composed of only one arbitrator, which shall be appointed by the arbitration commission. The arbitral award shall be final and binding upon all Parties.

在争议解决和仲裁程序进行过程中，除了本协议正在仲裁的事宜以外，各方应在实际可行的前提下继续履行本协议。每一方应自行承担为解决任何争议而发生的费用，但仲裁费应由各方平均分担。

Throughout any dispute resolution and arbitration proceedings, the Parties shall continue to perform this Agreement, to the extent practical, with the exception of the matter that is under arbitration. Each Party shall be responsible for his/her/its own expenses in connection with resolving any Dispute, but the arbitration fees shall be shared equally.

10. 损害和赔偿

Indemnities and Remedies

10.1 如乙方或股东存在以下情形，则该方应就该等情形给甲方造成的损失、损害、责任、被索赔损失等（包括合理的律师费，“**损失**”）依照甲方的要求立即予以赔偿，以使甲方免受损失：(i) 该一方在本协议中所作的任何陈述或保证不真实、不准确或不完整，或者(ii)该一方违反了其在本协议中所作的任何陈述或保证，或者(iii) 该一方违反了其在本协议中任何约定或承诺。

Party B or Shareholders shall forthwith on demand indemnify and hold harmless the Party A against any claim, loss, liability or damage (including reasonable legal fees, “**Loss**”) which the Party A shall suffer due to any of the following circumstances: (i) any of the representations or warranties herein made by such Party is untrue, inaccurate or incomplete, or (ii) such Party breaches any of his/her/its representations or warranties herein, or (iii) such Party breaches any covenant or undertaking herein.

10.2 各方同意本协议终止或失效时，本条仍然有效。

The Parties agree that this section shall remain survive the termination or expiration of this Agreement.

11. 生效日和期限

Effective Date and Term

11.1 本协议应于文首所载日期签署并生效。

This Agreement shall be executed and take effect as of the date first set forth above.

11.2 本协议在乙方存续期间持续有效，除非根据第 12 条规定终止。

This Agreement shall remain effective as long as Party B exists unless terminated as provided in Section 10.

12. 终止

Termination

12.1 股东和乙方均不得终止本协议。本协议在以下任何情况下终止：(i)甲方可随时以提前三十(30)天书面通知乙方和股东的方式终止本协议；(ii)根据《独家购股权协

议》，股东持有的乙方之股权已全部转让给甲方和/或甲方指定的第三方，本协议于该等转让完成时终止。

Neither of the Shareholders and Party B shall have the right to terminate this Agreement. This Agreement shall be terminated (i) by Party A at any time with thirty (30) days advance written notice to Party B and the Shareholders; or (ii) upon the transfer of all the equity interest held by the Shareholders to Party A and/or a third party designated by Party A pursuant to the Exclusive Option Agreement, this Agreement shall be terminated on the day of completion of this transfer.

13. 通知

Notices

- 13.1 任何一方按本协议规定发出的通知或其他通信应以英文或中文书写，并可以专人递送、挂号邮寄、邮资预付邮寄、或受承认的专递服务的形式发送到有关各方不时指定的收件地址。通知被视为实际送达的日期，应按如下方式确定：(i) 专人递送的通知，专人递送当日即视为已实际送达；以及(ii) 用信函发出的通知，则在邮资付讫的航空挂号信寄出日（依邮戳为准）后的第十（10）天，即视为已实际送达，或在送交专递服务公司后的第四（4）天，即视为已实际送达。

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (i) a notice delivered personally is deemed duly served upon delivery; and (ii) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency.

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14. 可分割性

Severability

如果本协议项下的任何条款因与适用法律不一致而无效或不可执行，则该条款仅在有关法律的管辖范围之内被视为无效或不可执行，并且本协议其他条款的有效性、合法性和可强制执行性不受其影响。

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

15. 转让

Assignment

- 15.1 未经甲方事先书面同意，乙方及股东不得将其在本协议项下的权利和义务转让给任何第三方。

Party B or either Shareholder shall not assign any of his/her/its rights or obligations under this Agreement to any third party without the prior written consent of Party A.

- 15.2 乙方及股东在此同意，甲方可转让其在本协议项下的权利和义务。甲方仅需就该转让向乙方及股东发出书面通知。

Party B and the Shareholders hereby agrees that Party A may assign its rights and obligations under this Agreement, only subject to a written notice to Party B and the Shareholders.

- 15.3 本协议的条款和条件应为当事方各自的继承人和经许可的受让人之利益而生效，并应约束当事方各自的继承人和受让人。除非本协议明示规定，本协议的任何规定（明示和默示的）均不意图赋予除本协议当事方或其各自继承人和受让人之外的任何其他方本协议项下或源于本协议的任何权利、救济、义务、或责任。

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Save as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

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16. 语言和文本

Languages and Counterparts

- 16.1 本协议以中文和英文书就，两种文本具备同等法律效力。两种文本若有不一致之处，应以中文为准。

This Agreement is being executed in both Chinese and English versions. Both versions shall have the same legal effect. In case of any discrepancy between the two versions, the Chinese version shall prevail.

- 16.2 本协议由协议各方签署四（4）份正本，甲方、每一股东和乙方各执一份，所有正本具有同等法律效力。本协议可以一份或多份副本形式签署。

This Agreement shall be executed in four (4) originals by all Parties, with Party A, each of the Shareholders, and Party B holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

[后附签字页 Signature Pages Follow]

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有鉴于此, 各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

甲方: 厦门艾莱斯管理咨询有限公司

Party A: Xiamen Alliance Management Consulting Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

盖章: (公章)

Seal /s/ Xiamen Alliance Management Consulting Co., Ltd.

乙方: 厦门艾莱斯酒业集团有限公司

Party B: Xiamen Alliance Liquor Industrial Group Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

盖章: (公章)

Seal /s/ Xiamen Alliance Liquor Industrial Group Co., Ltd.

业务合作协议 Business Cooperation Agreement
签字页 Signature Page

有鉴于此, 各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

股东/ Shareholder: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

业务合作协议 Business Cooperation Agreement
签字页 Signature Page

附件1股东

SCHEDULE 1 SHAREHOLDERS

序号 No.	姓名 NAME	身份证号 ID No.
1.	Yuhan ZHAO	*

业务合作协议 Business Cooperation Agreement
附件1 SCH 1

委托协议

PROXY AGREEMENT

本委托协议(“本协议”)于2023年5月1日由以下各方于厦门订立:

This Proxy Agreement (this “Agreement”) is entered into in Shenzhen as of May 1, 2023 by and among the following parties:

- (1) 厦门艾莱斯管理咨询有限公司(“甲方”), 一家根据中华人民共和国(“中国”)法律在中国厦门注册成立的外商独资企业;

Xiamen Alliance Management Consulting Co., Ltd.(“Party A”), a wholly foreign-owned enterprise registered in Xiamen, the People’s Republic of China (“China” or “PRC”), under the laws of China;

- (2) 厦门艾莱斯酒业集团有限公司(“乙方”), 一家根据中国法律在中国仁怀注册成立的内资公司; 和

Xiamen Alliance Liquor Industrial Group Co., Ltd. (“Party B”), a domestic company registered in Renhuai, China, under the laws of China; and

- (3) 每一个在附件1列明的个人(以下该等个人单独称为一名“股东”, 合称为“股东”)

Each of the persons listed under Schedule 1 (each, a “Shareholder” and collectively, the “Shareholders”)

(以上甲方、乙方和每一股东单独称为“一方”, 合称为“各方”。

(Party A, Party B and each of the Shareholders, a “Party”, and collectively the “Parties”).

序言

RECITALS

- (A) 鉴于, 股东持有乙方100%的股权;

WHEREAS, the Shareholders hold 100% equity interests in Party B;

- (B) 鉴于, 甲方、乙方签署了《独家服务总协议》、各方订立了包括《业务合作协议》、《独家购股权协议》和《股权质押协议》在内的协议; 这一系列协议为乙方的正常经营提供服务, 同时保证甲方对乙方具有全面、持续、有效的控制;

WHEREAS, Party A, Party B have entered into the Master Exclusive Service Agreement, and the Parties have entered into the agreements including the Business Cooperation Agreement, the Exclusive Option Agreement and the Equity Interest Pledge Agreement; these contractual arrangements provide Party B with services necessary for its business operation and also ensure that Party A has comprehensive, continuous and effective control over Party B;

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- (C) 鉴于, 作为甲方及其关联方为乙方的正常经营持续提供服务的对价, 甲方要求股东授权甲方(及其继任者, 包括取代甲方的清算人, 如涉及)为股东的受托人(“受托人”), 由受托人全权代替股东行使其就所持乙方之股权享有的任何及所有权利, 且股东同意对甲方给予授权委托。

WHEREAS, as the consideration for Party A and its affiliates to provide Party B with services necessary for its business operation, Party A has requested the Shareholders to appoint Party A (as well as its successors, including a liquidator, if any, replacing Party A) as its attorney-in-fact (“Attorney-in-Fact”), with full power of substitution, to exercise any and all of the rights in respect of the Shareholders’ equity interests in Party B and the Shareholders have agreed to make such appointment.

因此, 基于本协议包含的前提、陈述、保证、承诺和约定, 本协议各方约定如下并接受其法律效力:

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

协议

AGREEMENT

Section 1 第1条

每一位股东在此不可撤销地选定、委托及任用甲方(及其指定人或继任者, 包括取代甲方的清算人, 如涉及)为其受托人代表该股东行使相关法律法规及乙方的公司章程规定的就该股东所持乙方之股权而享有的任何及所有权利, 包括但不限于以下所列权利(合称“股东权利”):

Each Shareholder hereby irrevocably nominates, appoints and constitutes Party A (as well as its designees or successors, including a liquidator, if any, replacing Party A) as its Attorney-in-Fact to exercise on such Shareholder’s behalf any and all rights that such Shareholder has in respect of such Shareholder’s equity interests in Party B conferred by relevant laws and regulations and the articles of association of Party B, including without limitation, the following rights (collectively, “Shareholder Rights”):

- (a) 召集及参加乙方股东会, 接收股东会通知及相关资料; (为本协议之目的, 除另有明确约定, “股东会”包含“股东大会”之意义)

to call and attend shareholders’ meetings of Party B, and receive notices and materials with respect to the shareholders meeting (for the purpose of this Agreement, unless otherwise stipulated herein, “shareholders’ meetings” includes the meaning of “the general meeting”);

- (b) 以股东的名义、代表股东签署及交付任何书面决议和会议记录;

to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such Shareholder;

- (c) 亲自或委派代表就乙方的股东会讨论的任何事项(包括但不限于出售、转让、抵押、质押或处分乙方或其附属实体的任何或全部资产)进行投票表决;
to vote by itself or by proxy on any matters discussed on shareholders' meetings of Party B, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Party B or its subsidiary;
- (d) 出售、转让、质押或处分在乙方的任何或全部股权;
to sell, transfer, pledge or dispose of any or all of the equity interest in Party B;
- (e) 如有必要,提名或任免乙方或其附属实体的董事、监事和高级管理人员;
to nominate, appoint or remove the directors, supervisors and senior management of Party B or any its subsidiary when necessary;
- (f) 监督乙方及其附属主体的经营绩效;
to oversee the economic performance of Party B and its subsidiaries;
- (g) 在任何时候查阅乙方及其附属实体的财务信息;
to have full access to the financial information of Party B and its subsidiaries at any time;
- (h) 当乙方的董事或高级管理人员的行为损害乙方或其股东利益时,对该等董事或高级管理人员提起股东诉讼或其它法律行动;
to file any shareholder lawsuits or take other legal actions against Party B's directors or senior management members when such directors or members are acting to the detriment of the interest of Party B or its shareholder(s);
- (i) 批准年度预算或宣布分红;
to approve annual budgets or declare dividends;
- (j) 管理和处置乙方或其附属实体的资产;
to manage and dispose of the assets of Party B or its subsidiary;
- (k) 对乙方及其附属实体的财务、会计和日常经营有完全的控制权和管理权(包括但不限于签署合同、支付政府税项);
to have the full rights to control and manage Party B and its subsidiaries' finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);
- (l) 批准向政府主管机关递交任何审批登记文件;以及
to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
- (m) 乙方的公司章程或及相关法律法规赋予股东的任何其他权利。
any other rights conferred by the articles of association of Party B and/or the relevant laws and regulations on the shareholders.

每一位股东应向甲方及其指定方签署不可撤销的授权委托书(如本协议附件2所示)。股东进一步同意并承诺,未经受托人事先书面同意,股东不得行使任何股东权利。

Each of the shareholders shall sign an irrevocable power of attorney (in the format set forth in Schedule 2 attached hereto) in favor of Party A and its designated personal. Each Shareholder further agrees and undertakes that without the Attorney-in-Fact's prior written consent, he/she shall not exercise any of the Shareholder Rights.

Section 2 第2条

受托人有权完全自主决定委任一名或多名替换人选,行使受托人在本协议项下的任何或全部权利,受托人亦有权自主决定撤销对该等替换人选的委任。

The Attorney-in-Fact has the right to appoint, at its sole discretion, a substitute or substitutes to perform any or all of its rights of the Attorney-in-Fact under this Agreement, and to revoke the appointment of such substitute or substitutes.

Section 3 第3条

乙方及每一股东确认、承认并同意受托人代表股东行使任何及全部的股东权利。乙方及每一股东进一步确认并承认: (i)受托人已进行或将进行的任何行为,已作出或将作出的任何决定,或已签署或将签署的任何文书或其他文件视同股东本人进行的行为、股东本人作出的决定或股东本人签署的文件,具有同等法律效力;及 (ii)对于股东违反本协议规定采取或实施的任何行为,乙方将不认可,也不会对此予以配合或协助。

Each of Party B and Shareholders confirms, acknowledges and agrees to the appointment of the Attorney-in-Fact to exercise any and all of the Shareholder Rights. Each of Party B and Shareholders further confirms and acknowledges that (i) any and all acts done or to be done, decisions made or to be made, and instruments or other documents executed or to be executed by the Attorney-in-Fact, shall therefore be as valid and effectual as though done, made or executed by the Shareholders, and (ii) Party B will not recognize, assist or facilitate any and all activities of the Shareholders which are in violation of or inconsistent with this Agreement.

Section 4 第4条

(a) 每一股东在此同意并承诺,如果股东在乙方中所持股权有所增加,无论是否通过认购乙方的新增注册资本的方式,股东对于所增持股权所享有的任何股东权利均受本协议制约,受托人均有权代表股东对任何增持股权行使本协议第1条规定的股东权利;同样,如果任何人取得乙方股权,无论是通过自愿转让、依法转让、强制拍卖还是任何其他方式,该受让人所取得所有乙方之股权仍旧受本协议制约,受托人有权继续对该等股权行使本协议第1条规定的股东权利。股东在此承诺,股东

为其他以任何方式取得乙方股权的第三方继续履行本协议项下归属乙方股东所有的各项义务提供担保，如该第三方拒绝继续受本协议制约，则股东应按本协议第13条的规定对甲方承担违约责任。

Each Shareholder hereby acknowledges and promises that, if the Shareholder increases his/her equity interests in Party B, whether by subscribing for additional registered capital thereof or otherwise, any Shareholder Rights in connection with such additional equity interest acquired by the Shareholder shall be automatically subject to this Agreement and the Attorney-in-Fact shall have the right to exercise the Shareholder Rights with respect to such additional equity interest on behalf of the Shareholder as described in Section 1 hereunder; if the Shareholder's equity interest in Party B is transferred to any other party, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, any such equity interest in Party B so transferred remains subject to this Agreement and the Attorney-in-Fact shall continue to have the right to exercise the Shareholder Rights with respect to such equity interest in Party B so transferred as described in Section 1 hereunder. The shareholders promise that they will offer a guarantee of performing the obligation owe to the shareholders of Party B under the agreement for the third parties who would acquire Party B's shares. If the third parties refuse to be subject to the agreement, the shareholders shall be liable for breach of contract according to the provisions of Section 13 of this agreement.

- (b) 为避免任何疑问，若股东需要根据其与甲方或其关联方签订的《独家购股权协议》、《股权质押协议》(包括不时修改后的版本)向甲方或其关联方转让股权，受托人有权代表股东签署股权转让协议及其他相关协议，履行股东于《独家购股权协议》及《股权质押协议》项下的所有义务。若甲方提出要求，股东应签署任何文件、加盖公章和/或印章，并采取任何其他必要行动以完成前述股权转让。

Furthermore, for the avoidance of any doubt, if any equity interest transfer is contemplated under any exclusive option agreement and equity interest pledge agreement(s) that such Shareholder enters into for the benefits of Party A or its affiliate (as may be amended from time to time), the Attorney-in-Fact shall, on behalf of the Shareholder, have the right to sign the equity interest transfer agreement and other relevant agreements and to perform all shareholder obligations under the exclusive option agreement and the equity interest pledge agreement(s). If required by Party A, the Shareholder shall sign any documents and fix the chops and/or seals thereon and the Shareholder shall take any other actions as necessary for purposes of consummation of the aforesaid equity interest transfer.

Section 5 第5条

每一股东进一步同意并向甲方承诺，假如股东由于其在乙方的股权利益收到任何股息、利息、任何其他形式的资本分派、清算后剩余财产、或因股权转让产生的收入或对价，股东将会在法律允许的范围内，将所有这些股息、利息、资本分派、资产、收入或对价给予甲方或其指定的实体而不要求任何补偿，并承担因此产生的任何税费。

Each Shareholder further covenants with and undertakes to Party A that, if the Shareholder receives any dividends, interest, any other forms of capital distributions, residual assets upon liquidation, or proceeds or consideration from the transfer of equity interest as a result of, or in connection with, such Shareholder's equity interest in Party B, the Shareholder shall, to the extent permitted by applicable laws, remit all such dividends, interest, capital distributions, assets, proceeds or consideration to Party A or the entity designated by Party A without any compensation, and shall bear any and all taxes and fees with respect thereto.

Section 6 第6条

每一股东特此授权受托人依其完全自主判断行使股东权利，并且无需获得股东的任何口头或书面指示。股东承诺批准并认可受托人或其委任的任何替换人士或代理人根据本协议作出的或促使作出的任何合法行为。

Each Shareholder hereby authorizes the Attorney-in-Fact to exercise the Shareholder Rights according to its own judgment without any oral or written instruction from the Shareholder. Each Shareholder undertakes to ratify and recognize any acts which the Attorney-in-Fact or any substitutes or agents appointed by the Attorney-in-Fact may lawfully do or cause to be done pursuant to this Agreement.

Section 7 第7条

各方确认，在任何情况下，甲方不应就其指定的个人行使本协议下的委托权利而被要求对其他方或任何第三方承担任何责任或做出任何经济上的或其他方面的补偿。

The parties confirm that, in any cases, Party A should not assume any responsibility or made any financial or other aspects of the compensation to other parties or any third parties because of its designated personal exercising their entrusted rights under this agreement.

现有股东同意补偿甲方因其指定的个人行使委托权利而蒙受或可能蒙受的一切损失并使其不受损害，包括但不限于因任何第三方向其提出诉讼、追讨、仲裁、索赔或政府机关的行政调查、处罚而引起的任何损失。

The existing shareholders agree to compensate Party A for the losses suffered or may suffer caused by its designated personal exercising entrusted rights and protect it from damage, including but not limited to, the lawsuit, punish, arbitration, claim, or the government administrative investigation, punishment and any losses caused by it.

Section 8 第8条

本协议经各方授权代表正式签署，自本协议标明的签署之日起生效，于乙方存续期间持续有效。未经甲方事先书面同意，股东无权终止本协议或撤销对受托人的委任。本协议对各方的权利继续人、受让人具有法律约束力。

This Agreement shall become effective as of the date hereof when it is duly executed by the Parties' authorized representatives and shall remain effective as long as Party B exists. The Shareholders shall not have the right to terminate this Agreement or revoke the appointment of the Attorney-in-Fact without the prior written consent of Party A. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and assigns.

Section 9 第9条

各方承认，各方就本协议交换的任何口头或书面信息均属于保密信息。每一方应对上述全部信息保密，在未取得其他方的书面同意前，不得向任何第三方披露任何相关信

息,但下述情况除外:(i)该信息已经或将被公众所知(但不是因为接受一方的违约披露导致的);(ii)按照适用法律、法规或证券交易所的要求披露的;或 (iii)任何一方需要向其法律顾问、财务顾问、董事或高级管理人员披露的有关本协议项下拟定交易的信息,且该法律顾问、财务顾问、董事或高级管理人员受与本款规定相类似的保密义务的制约。如任何一方聘用的任何职员或代理机构披露保密信息,将被视为该方披露了该保密信息并因此承担违约责任。

The parties acknowledge that any oral or written information exchanged in this agreement are confidential information. Each party shall keep all of the above information confidential, and without the written consent of the other party, they shall not disclose to any third parties, except the following conditions: (i) such information has been or will be known to the public provided that this is not the result of a public disclosure in breach of contract by the receiving party); (ii) disclose in accordance with the requirements of the applicable laws, regulations or rules of any stock exchange; Or (iii) either party need to disclose to his/her/its legal advisers, financial advisers, directors or senior managers the information about the proposed transaction under this agreement, and the legal advisers, financial advisers, directors or senior managers shall be subject to the similar confidentiality obligations of this paragraph. If any employees or agents hired disclose confidential information, it will be deemed to be the party disclosing the confidential information and is therefore liable for breach of contract.

各方同意本协议因任何原因终止或失效时,本条仍然有效。

The Parties agree that this section shall survive the termination or expiration of this Agreement for any reasons.

Section 10 第10条

本协议构成各方之间就本协议标的事项所达成的完整协议。

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

Section 11 第11条

本协议根据中国法律解释并受其管辖。

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

Section 12 第12条

因本协议产生或与本协议相关的任何争议或主张应由各方通过友好协商的方式解决。如果甲方和乙方及/或股东未能解决争议,应将争议提交到厦门仲裁委员会(“**仲裁委**”),由仲裁会按照申请仲裁时有效的仲裁委仲裁规则经由仲裁解决。仲裁地为厦门,仲裁语言为中文。只用一名仲裁员仲裁,该仲裁委员由仲裁委指定。仲裁裁决具终局性且对各方都有约束力。

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Xiamen Arbitration Commission (**the “Arbitration Commission”**) for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Xiamen, and the language of arbitration shall be Chinese. The arbitration tribunal shall be composed of only one arbitrator, which shall be appointed by the arbitration commission. The arbitral award shall be final and binding upon all Parties.

在争议解决和仲裁程序进行过程中,除了本协议正在仲裁的事宜以外,各方应在实际可行的前提下继续履行本协议。每一方应自行承担为解决任何争议而发生的费用,但仲裁费应由各方平均分担。

Throughout any dispute resolution and arbitration proceedings, the Parties shall continue to perform this Agreement, to the extent practical, with the exception of the matter that is under arbitration. Each Party shall be responsible for his/her/its own expenses in connection with resolving any Dispute, but the arbitration fees shall be shared equally.

Section 13 第13条

如乙方或股东存在以下情形,则该方应就该等情形给甲方造成的损失、损害、责任、被索赔损失等(包括合理的律师费,“**损失**”)依照甲方的要求立即予以赔偿,以使甲方免受损失:(i)该一方在本协议中所作的任何陈述或保证不真实、不准确或不完整,或者(ii)该一方违反了其在本协议中所作的任何陈述或保证,或者(iii)该一方违反了其在本协议中任何约定或承诺。各方同意本协议终止或失效时,本条仍然有效。

Party B or Shareholders shall forthwith on demand indemnify and hold harmless the Party A against any claim, loss, liability or damage (including reasonable legal fees, “**Loss**”) which the Party A shall suffer due to any of the following circumstances: (i) any of the representations or warranties herein made by such Party is untrue, inaccurate or incomplete, or (ii) such Party breaches any of his/her/its representations or warranties herein, or (iii) such Party breaches any covenant or undertaking herein. The Parties agree that this clause shall survive the termination or expiration of this Agreement.

Section 14 第14条

未经甲方事先书面同意,乙方或任一股东不得将其在本协议项下的权利和义务转让给任何第三方。

Party B or either Shareholder shall not assign any of his/her/its rights or obligations under this Agreement to any third party without the prior written consent of Party A.

乙方及各股东在此同意,甲方可转让其在本协议项下的权利和义务。甲方仅需就该转让向乙方及各股东发出书面通知。

Party B and the Shareholders hereby agree that Party A may assign its rights and obligations under this Agreement, only subject to a written notice to Party B and the Shareholders.

本协议的条款和条件应为当事方各自的继承人和经许可的受让人之利益而生效,并应约束当事方各自的继承人和受让人。除非本协议明示规定,本协议的任何规定(明示和默示的)均不意图赋予除本协议当事方或其各自继承人和受让人之外的任何他方本协议项下或源于本协议的任何权利、救济、义务、或责任。

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Save as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

Section 15 第15条

本协议可以一份或多份副本形式签署。全部原件具有相同的法律效力。

This Agreement may be executed in one or more counterparts. All originals shall have the same legal effect.

Section 16 第16条

本协议以中文和英文书就，两种文本具备同等法律效力。两种文本若有不一致之处，应以中文为准。

This Agreement is being executed in both Chinese and English versions. Both versions shall have the same legal effect. In case of any discrepancy between the two versions, the Chinese version shall prevail.

[后附签字页 Signature Pages Follow]

有鉴于此，各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

甲方：厦门艾莱斯管理咨询有限公司

Party A: Xiamen Alliance Management Consulting Co., Ltd.

授权代表：

Authorized Representative: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

盖章：（公章）

Seal/s/ Xiamen Alliance Management Consulting Co., Ltd.

乙方：厦门艾莱斯酒业集团有限公司

Party B: Xiamen Alliance Liquor Industrial Group Co., Ltd.

授权代表：

Authorized Representative: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

盖章：（公章）

Seal/s/ Xiamen Alliance Liquor Industrial Group Co., Ltd.

委托协议 Proxy Agreement
签字页 Signature Page

有鉴于此，各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

股东/ Shareholder: Yuhan ZHAO

签字/ Signature /s/ Yuhan ZHAO

委托协议 Proxy Agreement
签字页 Signature Page

序号 No.	姓名 NAME	身份证号 ID No.
1.	Yuhan ZHAO	*

委托协议 Proxy Agreement
附件1 SCH 1

附件2-1授权委托书

SCHEDULE 2-1 POWER OF ATTORNEY

本授权委托书(“**本授权书**”)由Yuhan Zhao(身份证号码为*)于2023年5月1日签署,并向厦门艾莱斯管理咨询有限公司(“**甲方**”)或其指定方(“**受托人**”)出具。

This Power of Attorney (“**POA**”) is executed by Yuhan ZHAO (PRC ID No. 430502198811092014) as of May 1, 2023, and granted in favor of **Xiamen Alliance Management Consulting Co., Ltd. (“Party A”)** or its designated person by as its attorney (“**Attorney**”).

本人, 特此授予受托人一项全面代理权, 授权受托人作为本人的代理人、以本人的名义、行使本人作为厦门艾莱斯酒业集团有限公司(“**乙方**”)的股东所享有的下列权利:

I, hereby authorize the Attorney as my agent and attorney with full power of substitution, in the name and on behalf of myself, to act and exercise all the following rights as a shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd. (“**Party B**”):

- (a) 召集及参加乙方股东会, 接收股东会通知及相关资料; (为本授权委托书之目的, 除另有明确约定, “股东会”包含“股东大会”之意义)
to call and attend shareholders’ meetings of Party B, and receive notices and materials with respect to the shareholders meeting (for the purpose of this POA, unless otherwise stipulated herein, “shareholders’ meetings” includes the meaning of “the general meeting”);
- (b) 以股东的名义、代表股东签署及交付任何书面决议和会议记录;
to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of me;
- (c) 亲自或委派代表就乙方的股东会讨论的任何事项(包括但不限于出售、转让、抵押、质押或处分乙方或其附属实体的任何或全部资产)进行投票表决;
to vote by itself or by proxy on any matters discussed on shareholders’ meetings of Party B, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Party B or its subsidiary;
- (d) 出售、转让、质押或处分在乙方的任何或全部股权;
to sell, transfer, pledge or dispose of any or all of the equity interest in Party B;
- (e) 如有必要, 提名或任免乙方或其附属实体的董事、监事和高级管理人员;
to nominate, appoint or remove the directors, supervisors and senior management of Party B or any its subsidiary when necessary;
- (f) 监督乙方及其附属主体的经营绩效;
to oversee the economic performance of Party B and its subsidiaries;
- (g) 在任何时候查阅乙方及其附属实体的财务信息;
to have full access to the financial information of Party B and its subsidiaries at any time;

委托协议 Proxy Agreement
附件2 SCH 2

- (h) 当乙方的董事或高级管理人员的行为损害乙方或其股东利益时, 对该等董事或高级管理人员提起股东诉讼或其它法律行动;
to file any shareholder lawsuits or take other legal actions against Party B’s directors or senior management members when such directors or members are acting to the detriment of the interest of Party B or its shareholder(s);
- (i) 批准年度预算或宣布分红;
to approve annual budgets or declare dividends;
- (j) 管理和处置乙方或其附属实体的资产;
to manage and dispose of the assets of Party B or its subsidiary;
- (k) 对乙方及其附属实体的财务、会计和日常经营有完全的控制权和管理权(包括但不限于签署合同、支付政府税项);

to have the full rights to control and manage Party B and its subsidiaries' finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);

(l) 批准向政府主管机关递交任何审批登记文件; 以及

to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and

(m) 乙方的公司章程或及相关法律法规赋予股东的任何其他权利。

any other rights conferred by the articles of association of Party B and/or the relevant laws and regulations on the shareholders.

本人兹自不可撤销地确认, 本授权书的有效期延续到甲方、乙方与乙方股东于2023年 5月1日签署的《委托协议》到期或提前终止之时。

I hereby irrevocably acknowledge that this POA shall be effective and valid continuously until the expiration or early termination of the Proxy Agreement executed by and among Party A, Party B and the Shareholders of Party B as of May 1, 2023.

姓 名Name: Yuhan ZHAO

签字Signature /s/ Yuhan ZHAO

日期 Date: ____ May 1, 2023

委托协议 Proxy Agreement
附件2 SCH 2

独家购股权协议

EXCLUSIVE OPTION AGREEMENT

本独家购股权协议(“本协议”)于2023年5月1日由以下各方在厦门订立:

This Exclusive Option Agreement (this “Agreement”) is entered into in Xiamen as of May 1, 2023 by and among the following parties:

- (1) 厦门艾莱斯管理咨询有限公司(“甲方”), 一家根据中华人民共和国(“中国”)法律在中国厦门注册成立的外商独资企业;

Xiamen Alliance Management Consulting Co., Ltd. (“Party A”), a wholly foreign-owned enterprise registered in Xiamen, the People’s Republic of China (“China” or “PRC”), under the laws of China; and

- (2) 厦门艾莱斯酒业集团有限公司(“乙方”), 一家根据中国法律在中国仁怀注册成立的内资公司;和

Xiamen Alliance Liquor Industrial Group Co., Ltd. (“Party B”), a domestic company registered in Renhuai, China, under the laws of China.

- (3) 每一个在附件一列明的个人或企业(以下该等个人或企业单独称为一名“股东”, 合称为“股东”)。

Each of the persons or entities listed under Schedule 1 (each, a “Shareholder” and collectively, the “Shareholders”).

(以上甲方、乙方和每一股东单独称为“一方”, 合称为“各方”)。

(Party A, Party B and each of the Shareholders, a “Party”, and collectively the “Parties”).

序言

RECITALS

- (A) 鉴于, 股东持有乙方100%的股权;

WHEREAS, the Shareholders hold 100% equity interests in Party B;

- (B) 鉴于, 甲方和乙方于2023年5月1日订立了一份《独家服务总协议》;

WHEREAS, Party A and Party B entered into a Master Exclusive Service Agreement dated on May 1, 2023;

- (C) 鉴于, 甲方、乙方以及股东于2023年5月1日订立了一份《业务合作协议》;

WHEREAS, Party A, Party B and the Shareholders entered into a Business Cooperation Agreement dated May 1, 2023;

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- (D) 鉴于, 甲方、乙方及股东于2023年5月1日订立了一份《股权质押协议》(“股权质押协议”);

WHEREAS, Party A, Party B and the Shareholders entered into an Equity Interest Pledge Agreement on May 1, 2023 (the “Equity Interest Pledge Agreement”);

- (E) 鉴于, 作为甲方及其关联方为乙方的正常经营持续提供服务的对价, 甲方要求股东通过本协议向甲方授予购买股东持有的乙方全部或部分股权的独家权利, 由甲方或甲方指定方行使, 且股东同意授予甲方独家购买乙方全部或部分股权的权利。

WHEREAS, as the consideration for Party A and its affiliates to provide Party B with services necessary for their business operation, Party A has requested the Shareholders to grant Party A an exclusive option through this Agreement which can be exercised by Party A or Party A’s designee, and the Shareholders have agreed to grant such exclusive option to purchase all or part of the equity interest held by the Shareholders in Party B.

- (F) 有鉴于此, 基于本协议包含的前提、陈述、保证、承诺和约定, 本协议各方愿意受其法律约束并约定如下:

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

协议

AGREEMENT

1. 标的股权

Target Equity Interest

- 1.1 在下述情况下, 甲方有权要求股东向甲方或甲方指定的第三方(“被指定方”)转让股东持有的乙方的全部或部分(以甲方的具体要求为准)股权(“标的股权”), 且股东应按照甲方的要求向甲方和/或被指定方转让标的股权(“股权转让选择权”), 除甲方和/或被指定方外, 任何其他第三方均不得享有股权转让选择权:

Party A shall have the right to require the Shareholders to transfer any and all of the equity interest of Party B the Shareholders hold (the “Target Equity Interest”) to Party A and/or a third party designated by Party A (the “Designee”), in whole or in part, subject to Party A’s specific requirements (“Equity Interest Transfer Option”), and the Shareholders shall transfer the Target Equity Interest to Party A and/or its Designee, who shall have exclusive rights over the Equity Interest Transfer Option, in accordance with Party A’s requirements under the following circumstances:

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1.1.1 中国法律和行政法规允许甲方和/或其被指定方合法拥有全部或部分标的股权;或

Where Party A and/or its Designee can legally own all or part of the Target Equity Interest under the laws and administrative regulations of China; or

1.1.2 甲方以其完全自主判断认为适宜或必要的任何其他情形。

Any other circumstances deemed as appropriate or necessary by Party A in its sole discretion.

1.2 甲方有权随时行使其全部或部分股权转让选择权, 取得全部或部分标的股权, 且行权次数不限。

Party A shall have the right to exercise its Equity Interest Transfer Option in whole or in part and to acquire the Target Equity Interest in whole or in part from time to time and without any limit on times.

1.3 甲方有权指定任何第三方取得全部或部分标的股权, 股东不得拒绝, 并应按照甲方的要求向该等被指定方转让全部或部分标的股权。

Party A may designate any third party to acquire the Target Equity Interest in whole or in part and the Shareholders shall not refuse and shall transfer the Target Equity Interest in whole or in part to such Designee as requested by Party A.

1.4 按本协议向甲方或其被指定方转让完毕所有标的股权以前, 未经甲方事先书面同意, 股东不得向任何第三方转让标的股权或其任何部分。

Prior to the completion of transfer of all Target Equity Interest to Party A or its Designee according to this Agreement, the Shareholders shall not transfer the Target Equity Interest or any portion thereof to any third party without Party A's prior written consent.

2. 程序

Procedures

2.1 在签署本协议时, 股东应按照本协议附件二规定的格式签署《股权转让协议》(“股权转让协议”), 并将该文件交付给甲方。

Concurrent with the execution of this Agreement, the Shareholders shall execute and deliver to Party A the Equity Interest Transfer Agreement (the “**Equity Interest Transfer Agreement**”) in the format set forth in Schedule 2 attached hereto.

2.2 若甲方根据上述第1.1条规定决定行使股权转让选择权, 应向乙方和股东发出书面通知, 其中说明拟受让标的股权的比例和受让方的身份(“**股权购买通知**”)。乙方和股东应在股权购买通知之日起的七(7)日内, 为办理上述股权转让的登记过户提供必要的全部资料 and 文件。

If Party A decides to exercise the Equity Interest Transfer Option pursuant to Section 1.1 hereinabove, it shall send written notice to Party B and the Shareholders which specifies the proportion of the Target Equity Interest to be acquired and identifies the transferee (the “**Equity Interest Purchase Notice**”). Party B and the Shareholders shall furnish all materials and documents necessary for the registration of said equity interest transfer within seven (7) days after the date of Equity Interest Purchase Notice;

2.3 在行使股权转让选择权时, 若不止一位股东持有乙方的股权, 则本协议项下的股东和甲方应促使乙方的其他股东做出书面说明, 同意向甲方和/或被指定方转让标的股权, 并放弃与之相关的任何优先购买权;

If at the time of exercising the Equity Interest Transfer Option, more than one Shareholder hold equity interest in Party B, each Shareholder and Party B shall cause such other Shareholders to provide their written consent to the transfer of the Target Equity Interest to Party A and/or the Designee(s) and to waive any preemptive right related thereto;

2.4 乙方和股东应就按本协议和股权购买通知进行的各次标的股权转让, 促使股东和甲方和/或各被指定方(依实际情况而定)之间签署一份股权转让协议;

Party B and the Shareholders shall cause an Equity Interest Transfer Agreement to be duly executed with respect to each transfer to Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Notice regarding the Target Equity Interest;

2.5 有关各方应签署全部必要的合同、协议或文件, 取得全部必要的政府证照和批文, 并采取全部必要的行动, 从而向甲方和/或被指定方转让标的股权的所有权(不受任何担保权益的限制), 并促使甲方和/或被指定方成为标的股权的登记所有人。就本条和本协议而言, “担保权益”包括担保、抵押、第三方权利或权益、股票期权、购买权、优先受让权、抵销权、所有权留置或其他担保安排, 但不包括本协议和股权质押协议设立的任何担保权益。

The relevant Parties shall execute all necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Target Equity Interest to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Target Equity Interest. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and the Equity Interest Pledge Agreement.

3. 转让价款

Transfer Price

3.1 甲方每次行使股权转让选择权时, 甲方和/或被指定方向转让标的股权的各股东支付的全部转股价格为人民币1元。股东在此不可撤销地同意: 如果届时适用法律要求公司股权的转让价格必须高于前述价格的, 则应以法定最低价格作为转股价格。股东因转让标的股权而获得的全部转让价款以及任何其他相关收益应在取得后立即无偿转交给甲方和/或被指定方。

Every time Party A exercise its Equity Interest Transfer Option, Party A and/or the Designee(s) shall pay to the Shareholders transferring the Target Equity Interest a transfer price at an amount of RMB 1. Shareholders hereby irrevocably agree: if the applicable law requires that the company's equity transfer price must be higher than the said price, the transfer price should be at the minimum price required by the law. All the transfer price and any other relevant benefits should be immediately delivered to Party A and/or the Designee(s) free of charge.

- 3.2 转让标的股权产生的全部税费、费用和杂费应由相关各方按照中国法律各自承担。

All the taxes, fees and expenses arising from the transfer of the Target Equity Interest shall be borne by each relevant Party respectively in accordance with the laws of the PRC.

4. 承诺

Covenants

4.1 乙方和股东的承诺

Covenants of Party B and the Shareholders

股东(作为乙方的股东)和乙方特此承诺如下:

The Shareholders (as the shareholders of Party B) and Party B hereby covenant as follows:

- 4.1.1 未经甲方事先书面同意, 其不会通过任何形式补充、变更或修改乙方及其附属实体的公司章程或其他组织性文件, 不会增减乙方及其附属实体的注册资本, 也不会通过其他方式变更乙方及其附属实体的注册资本结构;

Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association or other documents of Party B or any of its subsidiaries, increase or decrease their registered capital, or change the structure of their registered capital in other manners;

- 4.1.2 其应谨慎、有效地经营乙方及其附属实体的公司业务和处理其事务, 按照良好的财务和商业标准及实务维持乙方及其附属实体的存续;

They shall maintain Party B and its subsidiaries' corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating their business and handling their affairs;

- 4.1.3 未经甲方事先书面同意, 其不会在本协议签署后通过任何方式出售、转让、抵押或处置乙方及其附属实体的任何资产(除在日常经营过程中产生的资产处置)或乙方及其附属实体业务或收入中的法定或受益权益, 也不会允许设置任何相关的担保权益, 或其他权利负担;

Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party B and its subsidiaries (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of Party B and its subsidiaries, or allow the encumbrance thereon of any security interest or any other encumbrance;

- 4.1.4 未经甲方事先书面同意, 乙方及其附属实体不会发生、继承、担保或承受任何债务, 但不包括在正常业务过程中发生的债务;

Without the prior written consent of Party A, Party B and its subsidiaries shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business;

- 4.1.5 其应在经营乙方及其附属实体全部业务的正常运营过程中, 一直保持乙方及其附属实体的资产价值, 不得采取任何可能影响乙方及其附属实体业务状况和资产价值的任何行为/不作为;

They shall always operate all of Party B and its subsidiaries' businesses during the ordinary course of business to maintain the asset value of Party B and its subsidiaries and refrain from any action/omission that may adversely affect Party B and its subsidiaries' operating status and asset value;

- 4.1.6 未经甲方事先书面同意, 其不会促使乙方及其附属实体签署任何重大合同, 但在正常业务过程中签署的除外(就本段而言, 重大合同的标准由甲方自行判断);

Without the prior written consent of Party A, they shall not cause Party B or any its subsidiary to execute any material contract, except the contracts executed in the ordinary course of business (for purpose of this subsection, Party A may define a material contract at its sole discretion);

- 4.1.7 未经甲方事先书面同意, 其不会促使乙方或其附属实体向任何人提供任何贷款或信贷, 但正常业务过程中提供的除外;

Without the prior written consent of Party A, they shall not cause Party B or any its subsidiary to provide any person with any loan or credit other than in the course of ordinary business;

- 4.1.8 其应在甲方提出要求时提供有关乙方及其附属实体业务经营和财务状况的相关资料;

They shall provide Party A with information on Party B and its subsidiaries' business operations and financial condition at Party A's request;

- 4.1.9 如甲方要求, 其应为乙方及其附属实体的资产和业务从符合甲方要求的保险公司处购买并持有保险, 保险金额和险种应符合同类公司购买的金额和种类;

If requested by Party A, they shall procure and maintain insurance in respect of Party B and its subsidiaries' assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

- 4.1.10 未经甲方事先书面同意, 其不会促使或允许乙方或其附属实体与任何人进行合并或整合或向任何人进行收购或投资, 或与他方组成合伙、合营企业或者其他类似性质的经济组织;

Without the prior written consent of Party A, they shall not cause or permit Party B or any its subsidiary to merge, consolidate with, acquire or invest in any person, or formation of any partnership, joint venture or other similar entity with a third party;

- 4.1.11 如发生或可能发生与乙方或其附属实体的资产、业务或收入相关的任何诉讼、仲裁或行政程序，其应立即通知甲方；

They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party B or any its subsidiary's assets, business or revenue;

- 4.1.12 为保持乙方及其附属实体对其全部资产的所有权，其应签署全部必要或适当的文件，采取全部必要或适当的行为，提出全部必要或适当的控告，或针对全部索赔提出必要和适当的抗辩；

To maintain the ownership by Party B and its subsidiaries of all of their assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 4.1.13 未经甲方事先书面同意，其应确保乙方及其附属实体不会通过任何方式向股东分配股息，但在甲方书面要求时，乙方及其附属实体应立即向股东分配全部或部分可分配利润，然后再由股东立即并无条件地将上述分配支付或转移至甲方或其指定的第三方；

Without the prior written consent of Party A, they shall ensure that Party B and its subsidiaries shall not in any manner distribute dividends to its shareholder(s), provided that upon Party A's written request, Party B and its subsidiaries shall immediately distribute part or all distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to Party A or the third party designated by Party A any such distribution;

- 4.1.14 在甲方要求时，其应任命甲方指定的任何人担任乙方及其附属实体的董事和/或执行董事；

At the request of Party A, they shall appoint any person(s) designated by Party A as the directors and/or executive director of Party B and its subsidiaries;

- 4.1.15 其应促使乙方及其附属实体的股东会及董事会通过与甲方的指示一致的股东会决议及董事会决议；

They shall cause the meeting of shareholders and the board of directors of Party B and its subsidiaries to pass shareholders' resolutions and board resolutions in accordance with the instruction of Party A;

- 4.1.16 除非中国法律强制要求，未经甲方事先书面同意，乙方及其附属实体不得解散或清算。

Unless otherwise mandatorily required by PRC laws, Party B and its subsidiaries shall not be dissolved or liquidated without prior written consent by Party A.

4.2 有关乙方及其附属实体之股权的承诺

Covenants regarding equity interests in Party B and its subsidiaries

每一股东及乙方特此承诺如下：

Each Shareholder and Party B hereby covenant as follows:

- 4.2.1 未经甲方事先书面同意，股东及乙方不会通过任何方式出售、转让、抵押或处置标的股权或其附属实体股权的任何法定或受益权益，也不会允许在其上设置任何其他担保权益，但按照股权质押协议对标的股权进行的质押除外；

Without the prior written consent of Party A, the Shareholder and Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the Target Equity Interest or the equity interests of the Party B's subsidiaries or allow the encumbrance thereon of any security interest, except for the pledge placed on the Target Equity Interest in accordance with the Equity Interest Pledge Agreement;

- 4.2.2 股东应促使乙方的股东会会议（为本协议之目的，除另有明确约定，“股东会”包含“股东大会”之意义）和/或董事会会议和/或执行董事在未经甲方事先书面同意情况下，对以任何方式出售、转让、抵押或处置标的股权的任何法定或受益权益不予批准，也不允许在其上设置任何其他担保权益，但按照股权质押协议对标的股权进行的质押除外；乙方应促使其附属实体的股东和/或股东会会议和/或董事会会议和/或执行董事在未经甲方事先书面同意情况下，对以任何方式出售、转让、抵押或处置乙方附属实体的股权的任何法定或受益权益不予批准，也不允许在其上设置任何其他担保权益；

The Shareholder shall cause the shareholders' meeting (as for the purpose of this Agreement, unless otherwise stipulated herein, "shareholders' meetings" includes the meaning of "the general meeting") and/or the board of directors' meeting and/or the executive directors of Party B not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests of the Party B's subsidiaries or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on the Target Equity Interest in accordance with the Equity Interest Pledge Agreement; the Party B shall cause the shareholder(s) and/or shareholders' meeting and/or the board of directors' meeting and/or the executive directors of its subsidiaries not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests of the Party B's subsidiaries or allow the encumbrance thereon of any security interest, without the prior written consent of Party A;

- 4.2.3 股东应促使乙方的股东会会议和/或董事和/或执行董事会议在未经甲方事先书面同意情况下，对乙方与任何企业或其他经济组织的合并或整合，或对任何企业或其他经济组织进行收购或投资，或设立合资企业、合伙或者其他类似性质的经济组织，或以任何方式出售、转让、抵押或处置标的股权的任何法定或受益权益不予批准；乙方应促使其附属实体的股东和/或股东会会议和/或董事和/或执行董事会议在未经甲方事先书面同意情况下，对其附属实体与任何企业或其他经济组织的合并或整合，或对任何企业或其他经济组织进行收购或投资，或设立合资企业、合伙或者其他类似性质的经济组织，或以任何方式出售、转让、抵押或处置其附属实体的股权的任何法定或受益权益不予批准；

The Shareholder shall cause the shareholders' meeting and/or the board of directors and/or the executive directors of Party B not to approve the merger or consolidation with any enterprise or other entity, the acquisition of or investment in any enterprise or other entity, or the formation of any joint venture, partnership or other economic entity of similar nature, and not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the Target Equity Interest without the prior written consent of Party A; the Party B shall cause the shareholder(s) and/or shareholders' meeting and/or

the board of directors and/or the executive directors of its subsidiaries not to approve the merger or consolidation with any enterprise or other entity, the acquisition of or investment in any enterprise or other entity, or the formation of any joint venture, partnership or other economic entity of similar nature, and not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests of the Party B's subsidiaries without the prior written consent of Party A

- 4.2.4 如发生或可能发生与标的股权或与乙方的附属实体的股权相关的任何诉讼、仲裁或行政程序，股东应立即通知甲方；

The Shareholder shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Target Equity Interest or the equity interests of the Party B's subsidiaries;

- 4.2.5 在甲方要求时，股东应及时和无条件地促使标的股权的转让按本协议规定得到批准和完成；

At the request of Party A at any time, the Shareholder shall promptly and unconditionally cause the transfer of the Target Equity Interest to be approved and consummated as set forth in this Agreement;

- 4.2.6 为保持股东对乙方的所有权，股东应签署全部必要或适当的文件，采取全部必要或适当的行为，提出全部必要或适当的控告，或针对全部索赔提出必要和适当的抗辩；为保持乙方对其附属实体的所有权，乙方应签署全部必要或适当的文件，采取全部必要或适当的行为，提出全部必要或适当的控告，或针对全部索赔提出必要和适当的抗辩；

To the extent necessary to maintain the Shareholder's ownership in Party B, the Shareholder shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims; to the extent necessary to maintain the Party B's ownership in its subsidiaries, the Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims

- 4.2.7 在甲方要求时，股东应任命甲方指定的任何人担任乙方及其附属实体的董事和/或执行董事；

The Shareholder shall appoint any designee of Party A as the director and/or executive director of Party B and its subsidiaries, at the request of Party A;

- 4.2.8 如股东从乙方获得任何利润、分红、股利、股息或清算所得，股东应在遵从中国法律的前提下将其及时赠予甲方或甲方指定的任何实体；如乙方从其附属实体获得任何利润、分红、股利、股息或清算所得，乙方应在遵从中国法律的前提下将其及时赠予甲方或甲方指定的任何实体；和

The Shareholders shall promptly donate any profit, bonus, interest, dividend or proceeds of liquidation received from Party B to Party A or any other entity designated by Party A to the extent permitted under applicable PRC laws; the Party B shall promptly donate any profit, bonus, interest, dividend or proceeds of liquidation received from its subsidiaries to Party A or any other entity designated by Party A to the extent permitted under applicable PRC laws; and

- 4.2.9 股东及乙方应严格遵守本协议以及股东、甲方和乙方之间共同或单独签署的其他合同规定，履行其中的义务，不得进行任何可能影响上述协议和合同的有效性和可执行性的作为/不作为。若股东或乙方在本协议、或《股权质押协议》、或对甲方授权的委托协议及授权委托书项下的股权还留存有任何权利，股东及乙方不得行使该等权利，除非按照甲方的书面指示行事。

The Shareholders and Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among the Shareholders, Party A and Party B, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability hereof and thereof. To the extent that the Shareholder or Party B has any remaining rights with respect to the equity interest subject to this Agreement hereunder or under the Equity Interest Pledge Agreement or under the proxy agreement and power of attorney granted in favor of Party A, the Shareholder and Party B shall not exercise such rights except in accordance with the written instructions of Party A.

5. 陈述和保证

Representations and Warranties

股东和乙方特此连带地向甲方陈述和保证，截至本协议签署日和各标的股权转让日：

The Shareholders and Party B hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Target Equity Interest, that:

- 5.1 其有权签署本协议和涉及标的股权转让的相关股权转让协议，且具有履行本协议和任何股权转让协议项下义务的能力；

The Shareholders and Party B have the authority to execute and deliver this Agreement and any relevant Equity Interest Transfer Agreement concerning the Target Equity Interest to be transferred thereunder, and to perform their obligations under this Agreement and any Equity Interest Transfer Agreements;

- 5.2 签署和交付本协议或任何股权转让协议以及履行其项下的任何义务，不会：(i) 违反任何相关的中国法律；(i i) 与乙方的公司章程、内部细则或其他组织文件抵触；(i i i) 导致违反其订立或对其具有约束力的任何合同或文件，或构成该等合同或文件项下的违约；(i v) 导致违反向其发放的任何证照或许可的任何发放条件和/或持续有效的条件；及 (v) 导致向其发放的任何证照或许可被吊销、没收或附加额外条件；

The execution and delivery of this Agreement or any Equity Interest Transfer Agreements and the performance of any obligations under this Agreement or any Equity Interest Transfer Agreements: (i) do not cause any violation of any applicable laws of China; (ii) are not inconsistent with the articles of association, bylaws or other organizational documents of Party B; (iii) do not cause the violation of any contracts or instruments to which they are a party or which are binding on them; (iv) do not cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to any of them; and (v) do not cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to any of them;

- 5.3 股东对标的股权拥有有效和可出售的所有权，乙方对其附属实体的股权拥有有效和可出售的所有权。除股权质押协议外，股东未对标的股权设置任何担保权益；

The Shareholders have good and merchantable title to the Target Equity Interest, the Party B has good and merchantable title to the equity interests of its subsidiaries.

- 5.4 乙方及其附属实体对其全部资产拥有有效和可出售的所有权，未对上述资产设置任何担保权益，但已向甲方披露且已获得甲方书面同意的担保权益除外；
- Party B and its subsidiaries have valid and merchantable title to all of their assets, and have not placed any security interest on the aforementioned assets, except for encumbrance disclosed to Party A for which Party A's written consent has been obtained;
- 5.5 乙方及其附属实体无任何尚未偿还的债务，但不包括 (i) 在正常业务过程中发生的债务；和 (ii) 已向甲方披露且已获得甲方书面同意的债务；及
- Party B and its subsidiaries do not have any outstanding debts, except for (i) debts incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained; and
- 5.6 乙方及其附属实体已遵守有关兼并收购的全部中国法律法规。
- Party B and its subsidiaries has complied with all laws and regulations of China applicable to mergers and acquisitions.

6. 税务和费用

Taxes and Fees

在编制和签署本协议和股权转让协议，以及完成本协议和股权转让协议拟定的交易过程中，各方应支付依据中国法律征收或发生的全部转让和登记税费、支出和费用。

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Equity Interest Transfer Agreement, as well as the consummation of the transactions contemplated under this Agreement and the Equity Interest Transfer Agreement.

7. 保密

Confidentiality

- 7.1 各方承认，各方就本协议交换的任何口头或书面信息均属于保密信息。每一方应对上述全部信息保密，在未取得其他方的书面同意前，不得向任何第三方披露任何相关信息，但下述情况除外：(i) 该信息已经或将被公众所知（但不是因为接受一方的违约披露导致的）；(ii) 按照适用法律、法规或证券交易所的要求披露的；或 (iii) 任何一方需要向其法律顾问、财务顾问、董事或高级管理人员披露的有关本协议项下拟定交易的信息，且该法律顾问、财务顾问、董事或高级管理人员受与本协议规定相类似的保密义务的制约。如任何一方聘用的任何职员或代理机构披露保密信息，将被视为该方披露了该保密信息并因此承担违约责任。本款规定将在本协议因任何原因终止后持续有效。

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, he/she/it shall not disclose any relevant information to any third parties, except in the following circumstances: (i) such information is or will be in the public domain (provided that this is not the result of a public disclosure in breach of contract by the receiving party); (ii) information disclosed as required by applicable laws or regulations or rules of any securities exchange; or (iii) information required to be disclosed by any Party to his/her/its legal counsel, financial advisor, directors or senior management officers regarding the transaction contemplated hereunder, provided that such legal counsel, financial advisor, directors or senior management officers is also bound by confidentiality duties similar to the duties set out in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement.

- 7.2 各方同意本协议因任何原因终止或失效时，本条仍然有效。

The Parties agree that this section shall remain survive the termination or expiration of this Agreement for any reason.

8. 转让

Assignment

- 8.1 未经甲方事先书面同意，乙方和股东不得向任何第三方转让各自在本协议项下的任何权利或义务。

Party B or either Shareholder shall not assign any of their respective rights or obligations under this Agreement to any third party without the prior written consent of Party A.

- 8.2 乙方和股东特此同意，甲方可以其完全自主判断自行转让其在本协议项下的权利和义务，且仅需向乙方和股东发出转让本协议下权利义务的书面通知。

Party B and the Shareholders hereby agree that Party A may assign its rights and obligations under this Agreement as Party A may decide at its sole discretion, and such assignment shall only be subject to a written notice sent to Party B and the Shareholders.

- 8.3 本协议的条款和条件应为当事方各自的继承人和经许可的受让人之利益而生效，并应约束当事方各自的继承人和受让人。除非本协议明示规定，本协议的任何规定（明示和默示的）均不意图赋予除本协议当事方或其各自继承人和受让人之外的任何其他方本协议项下或源于本协议的任何权利、救济、义务、或责任。

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Save as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

9. 完整协议和协议修改

Entire Agreement and Amendment to Agreement

- 9.1 本协议及本协议中明确提及或包含的全部约定和/或文件构成有关本协议标的事项的完整约定，并取代此前各方就本协议标的事项达成的全部口头约定、合同、谅解和交流。

This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall substitute any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.

- 9.2 对本协议的任何修改应以书面方式作出，并仅在本协议各方签署后生效。经各方正式签署的修改协议和补充协议构成本协议的组成部分，并与本协议具有同等法律效力。

Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreement and shall have the same legal effect as this Agreement.

- 9.3 标的股权转让时，若根据当时有效的中国法律和行政法规有必要修改本协议附件二《股权转让协议》的格式，各方应友好协商依照中国法律和行政法规修改上述格式。

In the event that at the time of the Target Equity Interest transfer, it is necessary to modify the form of the Equity Interest Transfer Agreement set forth in Schedule 2 attached hereto pursuant to the then effective PRC laws and administrative regulations, the Parties shall make such modifications in good faith in compliance with PRC laws and administrative regulations.

- 9.4 附件是本协议的必要组成部分，与本协议的其他部分具有同等法律效力。

The Schedules are an integral part of this Agreement and have the same legal effects as the other parts of the Agreement.

10. 管辖法律

Governing Law

本协议依中国法律解释并受其管辖。

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

11. 争议解决

Dispute Resolution

因本协议产生或与本协议相关的任何争议或主张应由各方通过友好协商的方式解决。如果各方未能解决争议，应将争议提交到厦门仲裁委员会（“仲裁委”），由仲裁委按照申请仲裁时有效的仲裁委仲裁规则经由仲裁解决。仲裁地为厦门，仲裁语言为中文。只用一名仲裁员仲裁，该仲裁员由仲裁委指定。仲裁裁决具终局性且对各方都有约束力。

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Xiamen Arbitration Commission (the “Arbitration Commission”) for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Xiamen, and the language of arbitration shall be Chinese. The arbitration tribunal shall be composed of only one arbitrator, which shall be appointed by the arbitration commission. The arbitral award shall be final and binding upon all Parties.

在争议解决和仲裁程序进行过程中，除了本协议正在仲裁的事宜以外，各方应在实际可行的前提下继续履行本协议。每一方应自行承担为解决任何争议而发生的费用，但仲裁费应由各方平均分担。

Throughout any dispute resolution and arbitration proceedings, the Parties shall continue to perform this Agreement, to the extent practical, with the exception of the matter that is under arbitration. Each Party shall be responsible for his/her/its own expenses in connection with resolving any Dispute, but the arbitration fees shall be shared equally.

12. 生效日和期限

Effective Date and Term

- 12.1 本协议于文首所载之日签署并生效。

This Agreement shall be signed and take effect as of the date first set forth above.

- 12.2 本协议在乙方存续期间将持续有效，除非根据第13条终止。

This Agreement shall remain effective as long as Party B exists unless terminated as provided in Section 13.

13. 终止

Termination

- 13.1 乙方和股东均无权终止本协议。本协议在以下任何情况下终止：(1) 甲方可随时以提前三十(30)天书面通知乙方和股东的方式终止本协议；(2) 根据本协议，股东持有的乙方之股权已全部转让给甲方和/或其被指定方，则本协议于该等股权转让完成时终止。

Neither of the Shareholders and Party B shall have the right to terminate this Agreement. This Agreement shall be terminated (i) by Party A at any time with thirty (30) days advance written notice to Party B and the Shareholders; or (ii) upon the transfer of all the equity interest held by the Shareholders to Party A and/or its Designee pursuant to this Agreement, this Agreement shall be terminated on the day of completion of this transfer.

14. 损害和赔偿

Indemnities and Remedies

- 14.1 如乙方或股东违反本协议，则该方应就违反本协议而给甲方造成的损失、损害、责任、被索赔损失等（“损失”）依照甲方的要求立即予以赔偿。

Party B or Shareholders shall forthwith on demand indemnify the Party A against any claim, loss, liability or damage (“Loss”) which Party A shall incur as a consequence of any breach by the other Party of this Agreement.

- 14.2 各方同意本协议终止或失效时，本条仍然有效。

The Parties agree that this section shall survive the termination or expiration of this Agreement.

15. 通知

Notices

任何一方按本协议规定发出的通知或其他通信应以英文或中文语书写，并可以专人递送、挂号邮寄、邮资预付邮寄、或受承认的专递服务的形式发送到有关各方不时指定的收件地址。通知被视为实际到达的日期，应按如下方式确定：(i) 专人递送的通知，专人递送当日即视为已实际送达；以及(ii) 用信函发出的通知，则在邮资付讫的航空挂号信寄出日（依邮戳为准）后的第十(10)天，即视为已实际送达，或在送交专递服务公司后的第四(4)天，即视为已实际送达。

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (i) a notice delivered personally is deemed duly served upon delivery; and (ii) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency.

16. 可分割性

Severability

如果本协议项下的任何条款因与有关法律不一致而无效或不可执行，则该条款仅在有关法律的管辖范围之内被视为无效或不可执行，并且本协议其他条款的有效性、合法性和可执行性不受其影响。

If any provision of this Agreement is judged to be invalid or unenforceable because it is inconsistent with applicable laws, such invalidity or unenforceability shall be only with respect to such laws, and the validity, legality and enforceability of the other provisions hereof shall not be affected.

17. 语言

Languages

本协议以中文和英文书就，两种文本具备同等法律效力。两种文本若有不一致之处，应以中文为准

This Agreement is being executed in both Chinese and English versions. Both versions shall have the same legal effect. In case of any discrepancy between the two versions, the Chinese version shall prevail.

18. 文本

Counterparts

本协议由协议各方签署四(4)份原件，每方各执一(1)份，所有原件具有同等法律效力。本协议可以一份或多份副本形式签署。

This Agreement shall be executed in four (4) originals by all Parties, with each Party holding one original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

[后附签字页 Signature Pages Follow]

有鉴于此，各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

甲方：厦门艾莱斯管理咨询有限公司

Party A: Xiamen Alliance Management Consulting Co., Ltd.

授权代表:

Legal Representative/Authorized Representative: Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

盖章: (公章)

Seal: (Seal) /s/ Xiamen Alliance Management Consulting Co., Ltd.

乙方: 厦门艾莱斯酒业集团有限公司

Party B: Xiamen Alliance Liquor Industrial Group Co., Ltd.

授权代表:

Legal Representative/Authorized Representative: Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

盖章: (公章)

Seal: (Seal) /s/ Xiamen Alliance Liquor Industrial Group Co., Ltd.

独家购股权协议 Exclusive Option Agreement
签字页 Signature Page

有鉴于此, 各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

股东/ Shareholder: Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

独家购股权协议 Exclusive Option Agreement
签字页 Signature Page

附件一

SCHEDULE 1

股东

SHAREHOLDERS

序号 No.	姓名 NAME	身份证号 ID No.
1.	Yuhan ZHAO	****

独家购股权协议 Exclusive Option Agreement
附件1 SCH1

附件二-1

SCHEDULE 2-1

股权转让协议

EQUITY INTEREST TRANSFER AGREEMENT

本股权转让协议(“本协议”)由以下双方在中国厦门订立:

This Equity Interest Transfer Agreement (this “Agreement”) is entered into in Xiamen, China by:

转让方:

Transferor: Yuhan ZHAO

受让方: 厦门艾莱斯管理咨询有限公司

Transferee: Xiamen Alliance Management Consulting Co., Ltd.

双方现就股权转让约定如下:

NOW, the Parties agree as follows concerning the equity interest transfer:

1. 转让方同意将所持有的厦门艾莱斯酒业集团有限公司(“目标公司”) 100%股权, 计 500万 元人民币出资额, 以 1元人民币的对价转让给受让方, 受让方同意受让上述股权。

The Transferor agrees to transfer to the transferee 100% of the equity interests, accounting for the capital contribution of RMB 5,000,000, in Xiamen Alliance Liquor Industrial Group Co., Ltd. (the “Company”) held by the Transferor, at the consideration of RMB 1, and the Transferee agrees to accept the said equity interest.

2. 股权转让完成后, 转让方不再就转让股权享有相应股东权利或承担相关义务。受让方享有目标公司股东的权利和承担股东的义务。

After the closing of such equity interest transfer, the Transferor shall not have any rights or obligations as a shareholder with regard to the transferred equity interest, and the Transferee shall have such rights and obligations as a shareholder of Company

3. 本合同未尽事宜, 可由双方签署补充协议。

Any matter not covered by this Agreement may be determined by the Parties by way of signing supplementary agreements.

4. 本协议自双方签署之日起生效。

This Agreement shall be effective from the signing day.

5. 本协议一式多份, 双方各持一份, 其他用于办理工商变更之用。

This Agreement is executed in one or more counterparts, with each party holding one copy. The other copies are made for the purpose of going through business registration of such change.

独家购股权协议 Exclusive Option Agreement
附件2 SCH2

转让方/Transferor: Yuhan ZHAO

签署/Signature: /s/ Yuhan ZHAO

日期/Date:

受让方/Transferee: 厦门艾莱斯管理咨询有限公司/ Xiamen Alliance Management Consulting Co., Ltd.

签字或盖章/Signature or seal: /s/Xiamen Alliance Management Consulting Co., Ltd.

日期/Date:

独家购股权协议 Exclusive Option Agreement
附件2 SCH2

股权质押协议

EQUITY INTEREST PLEDGE AGREEMENT

本股权质押协议(“本协议”)由以下各方于2023年5月1日在厦门订立:

This Equity Interest Pledge Agreement (this “Agreement”) is entered into in Xiamen as of May 1, 2023 by and among the following parties:

(1) 质权人 (“Pledgee”):

厦门艾莱斯管理咨询有限公司, 一家根据中华人民共和国(“中国”)法律在中国厦门注册成立的外商独资企业;

Xiamen Alliance Management Consulting Co., Ltd., a wholly foreign-owned enterprise registered in Xiamen, the People’s Republic of China (“China” or “PRC”), under the laws of China; and

(2) 出质人 (“Pledgor”):

每一个在附件1列明的个人(以下该等个人单独称为一名“出质人”, 合称为“出质人”);

Each of the persons listed under Schedule 1 (each, a “Pledgor” and collectively, the “Pledgors”)

(3) 目标公司 (“Company”):

厦门艾莱斯酒业集团有限公司, 一家根据中国法律在中国仁怀注册成立的有限责任公司;

Xiamen Alliance Liquor Industrial Group Co., Ltd., a limited liability company registered in Renhuai, the PRC, under the laws of China;

(以上质权人、出质人和目标公司单独称为“一方”, 合称为“各方”。

(Pledgee, each of the Pledgors, and the Company, a “Party”, and collectively the “Parties”).

序言

RECITALS

(A) 鉴于, 出质人持有目标公司100%的股权;

WHEREAS, the Pledgors hold 100% equity interests in the Company;

(B) 鉴于, 质权人和目标公司已于2023年5月1日签署了一份《独家服务总协议》(“服务协议”);

WHEREAS, Pledgee and the Company entered into a Master Exclusive Service agreement dated May 1, 2023 (the “Service Agreement”);

(C) 鉴于, 质权人、出质人和目标公司于2023年5月1日签署了一份《业务合作协议》(“业务合作协议”);

WHEREAS, the Company, Pledgee and the Pledgors entered into a Business Cooperation Agreement dated May 1, 2023 (the “Business Cooperation Agreement”);

(D) 鉴于, 质权人、出质人和目标公司于2023年5月1日签署了一份《独家购股权协议》(“独家购股权协议”, 与服务协议和业务合作协议以及由出质人、质权人以及目标公司不时签订的各协议一同合称为“主协议”);

WHEREAS, the Company, Pledgee and the Pledgors entered into an Exclusive Option Agreement dated May 1, 2023 (the “Exclusive Option Agreement”, together with the Service Agreement and the Business Cooperation Agreement and the agreements to be executed among the Pledgors, Pledgee and the Company from time to time, the “Principal Agreements”);

(E) 鉴于, 质权人要求出质人无条件和不可撤销地将其持有的目标公司100%股权质押给质权人, 作为对出质人、目标公司履行主协议项下义务的担保, 且出质人同意提供该担保。

WHEREAS, Pledgee requests the Pledgors to pledge 100% equity interest of the Company they own to Pledgee unconditionally and irrevocably, as security for the performance of the obligations by the Pledgors and the Company under the Principal Agreements, and the Pledgors agree to provide such security.

(F) 有鉴于此, 基于本协议中包含的各项前提、声明、保证、承诺和约定, 各方愿意受其法律约束, 并达成如下约定:

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

协议

AGREEMENT

1. 主协议

Principal Agreements

本协议各方认可并确认，本协议项下质押担保的主协议包括，服务协议、业务合作协议、独家购股权协议，以及由出质人、质权人以及目标公司不时签订的各协议。

All Parties hereto acknowledge and confirm that the Principal Agreements for which the security of pledge is provided hereunder include the Service Agreement, the Business Cooperation Agreement, the Exclusive Option Agreement and the agreements to be executed among the Pledgors, Pledgee and the Company from time to time.

2. 质押

The Pledge

出质人同意无条件和不可撤销地将其持有的全部目标公司股权(包括为该等股权支付的任何利息或股息)质押给质权人(“**质押股权**”)，作为对出质人、目标公司履行主协议项下所有、一切义务的担保(“**质押**”)。本协议各方同意，以5,000,000元人民币(“**初始登记金额**”)作为本协议签订日主协议项下义务的估值进行初始质押登记。在主合同及本合同有效期内后续期限内，质权人在任何时候有权以任何理由要求出质人对初始登记金额进行调整，出质人应当根据质权人之要求及时完成调整。

Each of the Pledgors agrees to pledge all of the equity interest of the Company that he/she owns, including any interest or dividend paid for such equity interest (the “**Pledged Equity Interest**”) to Pledgee unconditionally and irrevocably, as a security for the performance of any and all obligations by the Pledgors and the Company under the Principal Agreements (the “**Pledge**”). Parties agree to use RMB 5,000,000 (the “**Initial Registration Amount**”) as the estimated value of the obligations by the Pledgors and the Company under the Principal Agreements for initial registration purpose. During the term of the Principal Agreements or this Agreement, Pledgee has the rights to request the Pledgors to amend the Initial Registration Amount for any reasons, and Pledgors shall promptly make such adjustments as requested.

3. 质押范围

The Scope of Pledge

本协议项下的质押所担保的范围包括出质人、目标公司在主协议下的全部欠款、义务和债务、为行使债权人权利和质权而发生的费用、质权人因出质人和/或目标公司的任何违约事件(定义见第8.1条)而遭受的全部直接、间接、衍生损失和可预计利益的丧失(该等损失的金额的依据包括但不限于质权人合理的商业计划和盈利预测、目标公司在服务协议项下应支付的服务费用)和任何其他相关费用(“**担保债务**”)。

The Pledge under this Agreement shall cover all indebtedness, obligations and liabilities of the Pledgors and the Company under the Principal Agreements, any fees for exercising the creditor's rights and the Pledge, all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default (as defined in Section 8.1) (the amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee and the consulting and service fees payable to Pledgee under the Service Agreement, among other factors) and any other related expenses (the “**Secured Indebtedness**”).

为避免疑义，出质人出资金额或初始登记金额与质押范围或担保债务无关；质押范围、实际担保债务的金额完全不受出质人出资金额或初始登记金额的任何限制；任何出质人不得以任何方式、任何理由、通过任何程序主张或试图质押范围或担保债务应当受到出资金额或初始登记金额的任何限制。

For the avoidance of doubt, the amount of the Pledgors' capital contribution or the Initial Registration Amount is in no event related to the scope of the Pledge; the scope of the Pledge or the Secured Indebtedness shall not in any way be limited by the amount of the Pledgors' capital contribution or the Initial Registration Amount; no Pledgor should through any means, use any reasons or pursue any procedure to claim or attempt to claim that scope of the Pledge or the Secured Indebtedness shall in any way be limited by the amount of the Pledgors' capital contribution or the Initial Registration Amount.

4. 质押期限

The Term of Pledge

- 4.1 本质权自本协议项下的质押股权出质在适格的市场监督管理局(“**市监局**”)登记之日起设立。除非(i)协议各方一致书面同意终止本协议，或(ii)主协议被履行完毕且令质权人满意，或(iii)直至所有主协议有效期已经届满或已经终止，否则质押将一直有效。为办理质押登记之目的，初始质押登记记载的有效期为50年，该期限届满后，根据质权人的要求，出质人应无条件配合质权人办理质押登记有限期的展期登记手续。

The Pledge shall become established on such date when the pledge of the Pledged Equity Interest contemplated herein is registered with the relevant administration for market regulation (the “**AMR**”). Unless (i) the Parties all agree to terminate this Agreement; (ii) the Principal Agreements have been fulfilled to the satisfaction of Pledgee; or (iii) all of the Principal Agreements have expired or been terminated, the Pledge shall be continuously effective and valid. For purpose of equity interest pledge registration, the term of initial pledge registration shall be 50 years. After the expiration of the term of initial pledge registration, Pledgee may at its sole discretion require the Pledgors to extend the term of the equity interest registration.

- 4.2 在质押有效期内，如果出质人或目标公司未能履行主协议项下各自的义务，质权人有权根据本协议规定处置全部或部分质押股权。

During the term of the Pledge, in the event that either the Pledgors or the Company fail to perform any of their respective obligations under the Principal Agreements, Pledgee shall have the right to dispose of the Pledged Equity Interest entirely or partially in accordance with the provisions of this Agreement.

- 4.3 质权人有权收取质押股权在质押期间内产生的股息。

Pledgee shall have the right to collect dividends generated by the Pledged Equity Interest during the term of the Pledge.

- 4.4 质权人对出质人任何违约的豁免、宽限或质权人延迟行使其在主协议及本协议项下的任何权利，均不能影响质权人在本协议和有关中国法律和主协议项下，在以后任何时候要求出质人严格执行主协议及本协议的权利或质权人因出质人随后违反主协议及/或本协议的义务而享有的权利。

Pledgee giving mercy to any of the Pledgors' Event of Default (as defined in Section 8.1) or delaying exercising its rights under the Principle Agreements or this Agreement will not affect Pledgee's right to request Pledgors to strictly execute the Principle Agreements and this Agreement at any times, or Pledgee's right owing to the Pledgors' violation of the Principle Agreements and/or this Agreement, according to the relevant Chinese laws, this Agreement and the Principle Agreement.

5. 登记

Registration

- 5.1 目标公司应(i)在本协议签署之日, 在目标公司股东名册中登记质押, 并向质权人提供该股东名册, 且(ii)在本协议签署后尽可能最短的时间内(任何情况下不得晚于本协议签署后六十(60)个工作日), 向市监局提交质押登记申请, 并取得相关的证明文件。出质人和目标公司应提交和完成中国法律、法规和市监局要求的所有文件和程序, 以确保本协议下的质权有效设立并可强制执行。

The Company shall (i) on the date of execution of this Agreement, record the Pledge in the shareholders' register of the Company and provide the shareholders' register to Pledgee, and (ii) submit an application to the AMR for the registration of the Pledge as soon as practicable following the execution of this Agreement (no later than sixty (60) business days after the execution of this Agreement) and obtain evidencing documents of such registration. The Pledgors and the Company shall submit all necessary documents and complete all necessary procedures, as required by PRC laws and regulations and the AMR, to ensure that the Pledge shall be duly established and fully enforceable.

- 5.2 不限于本协议中的任何规定, 在质押期间, 目标公司的股东名册原件应由质权人或其指定人保管。

Without limitation to any provision of this Agreement, during the term of the Pledge, the original shareholders' register of the Company shall be in the custody of Pledgee or its designated person.

- 5.3 如获质权人事先书面同意, 出质人可以增加对目标公司的出资, 但前提是出质人对目标公司的任何出资都要受本协议规定之约束。目标公司应根据本第5条规定立即变更其股东名册, 并于五(5)个工作日内向市监局进行质押的变更登记。

With the prior written consent of Pledgee, the Pledgors may increase their capital contribution to the Company, provided that any capital contribution by the Pledgors to the Company shall be subject to this Agreement. the Company shall immediately amend the shareholders' register and register the change to the Pledge with the AMR pursuant to the provisions in this Section 5 within five (5) working days.

6. 出质人和目标公司的声明和保证

Representations and Warranties by the Pledgors and the Company

各出质人和目标公司特此向质权人陈述和保证:

Each Pledgor and the Company hereby represents and warrants to Pledgee that:

- 6.1 出质人是质押股权的唯一合法所有人。

The Pledgor is the sole legal owner of the Pledged Equity Interest.

- 6.2 除本协议项下的质押以外, 出质人没有在质押股权上设置任何担保权益或其他权利负担。

Except for the Pledge, the Pledgor has not placed any security interest or other encumbrance on the Pledged Equity Interest.

- 6.3 出质人和目标公司已经取得第三方和政府部门的同意及批准(若需)以签署, 交付和履行本协议。

The Pledgor and the Company have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.

- 6.4 本协议的签署、交付和履行均不会: (i)导致违反任何有关的中国法律; (ii)与目标公司章程或其他组织文件相抵触; (iii)导致违反其是一方或对其有约束力的任何合同或文件, 或构成其是一方或对其有约束力的任何合同或文件项下的违约; (iv)导致违反有关向任何一方颁发的任何许可或批准的授予和(或)继续有效的任何条件; 或(v)导致向任何一方颁发的任何许可或批准中止或被撤销或附加条件。

The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with the Company's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which he/she/it is a party or by which he/she/it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

- 6.5 本协议项下的质押构成对质押股权的第一顺序的担保权益。

The Pledge under the agreement constitutes the first-priority assurance and security interest on and in respect of the Pledged Equity Interest.

- 6.6 出质人在本协议生效前后向质权人提供的、有关出质人的及本协议要求的所有事项的一切报告、文件及信息在所有实质方面在本协议生效时都是真实、准确和有效的。

All the reports, documents and information relating to the Pledgors and this Agreement, provided by the Pledgors to Pledgee before, during, and after this Agreement comes into effect are true, accurate and effective in all substantial aspects.

7. 出质人和目标公司的承诺和进一步保证

Covenants and Further Assurance by the Pledgors and the Company

- 7.1 出质人和目标公司在此向质权人承诺, 在本协议有效期内, 出质人和目标公司:

The Pledgors and the Company hereby jointly and severally covenant to Pledgee, that during the term of this Agreement, the Pledgors and the Company shall:

- 7.1.1 如未获质权人事先书面同意, 不得转让质押股权, 或在质押股权上设置或允许设置任何担保权益或其他权利负担, 或以其他任何方式处置质押股权, 但为履行独家购股权协议的除外;
- without Pledgee's prior written consent, not transfer the Pledged Equity Interest, establish or permit the existence of any security interest or other encumbrance on the Pledged Equity Interest, or dispose of the Pledged Equity Interest by any other means, except by the performance of the Exclusive Option Agreement;
- 7.1.2 遵守适用于质押的所有相关法律法规的规定, 在收到相关监管机构就质押发出或起草的任何通知、命令或建议的五(5)个工作日内, 向质权人提交该通知、命令或建议, 并遵守前述通知、命令或建议, 或应质权人合理要求或获质权人同意后, 就上述事宜主张权利或提起申诉;
- comply with the provisions of all laws and regulations applicable to the Pledge, and within five (5) working days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit claims and appeals with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 7.1.3 知晓或收到相关事件或通知且该事件或通知可能会对质权人就质押股权享有的权利或出质人在本协议项下的其他义务产生影响, 应立即告知质权人。
- promptly notify Pledgee of any event or notice received or aware of by the Pledgors and/or the Company that may have an impact on Pledgee's rights to the Pledged Equity Interest or any portion thereof or other obligations of the Pledgors under this Agreement.

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- 7.2 出质人及目标公司同意, 质权人依据本协议获得的与质押相关的权利, 不得由目标公司、出质人、出质人的承继人或代表、或任何其他人(以下合称“相关人员”)通过任何法律程序中断或妨害。

The Pledgors and the Company agree that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by the Company, the Pledgors or any heirs or representatives of the Pledgors or any other persons (collectively, the “Relevant Persons”) through any legal proceedings.

- 7.2.1 未经质权人事先书面同意, 相关人员不会通过任何形式补充、变更或修改目标公司的公司章程、内部细则或其他组织文件, 不会增减目标公司的注册资本, 也不会通过其他方式变更目标公司的注册资本结构;

Without the prior written consent of Pledgee, the Relevant Persons shall not in any manner supplement, change or amend the articles of association, bylaws or other constitutional documents of the Company, increase or decrease its registered capital, or change the structure of its registered capital in other manners;

- 7.2.2 未经质权人事先书面同意, 相关人员不会在本协议签署后通过任何方式出售、转让、抵押或处置目标公司的任何资产或目标公司业务或收入中的法定或受益权益, 也不会允许设置任何相关的担保权益或其他权利负担;或

Without the prior written consent of Pledgee, the Relevant Persons shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of the Company or legal or beneficial interest in the business or revenues of the Company, or allow the encumbrance thereon of any security interest or other encumbrance; or

- 7.2.3 未经质权人事先书面同意, 相关人员应确保目标公司不会通过任何方式向其股东分配股息、作出财产分配、减少资本、启动清算程序或以其他任何形式作出分配。任何分配(包括但不限于分配的资产或清算中的剩余财产)均应视为质押的一部分。

Without the prior written consent of Pledgee, the Relevant Persons shall ensure that the Company shall not in any manner distribute dividends to its shareholder(s), make asset distributions or reduce its capital or initiate liquidation procedures or make any other distributions. Any distributions, including without limitation, the distributed assets or the residual assets in liquidation shall be deemed as part of the Pledge.

- 7.3 为保护或完善本协议对主协议款项支付所设的担保权益, 出质人特此承诺将诚信签署、并促使与质押有关的其他方签署质权人要求的全部证明、协议、契约和/或承诺。出质人还承诺采取、并促使与质押有关的其他方采取质权人为行使本协议赋予其的权利和权力而要求的行动, 并与质权人或其指定人签署与质押股权所有权相关的所有文件。出质人承诺在合理时间内向质权人提供质权人要求的与质押相关的全部通知、命令和决定。

To protect or perfect the security interest granted by this Agreement for payments under the Principal Agreements, the Pledgors hereby undertake to execute in good faith and to cause other parties who have interests in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. The Pledgors also undertake to perform and to cause other parties who have interests in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to execute all relevant documents regarding ownership of the Pledged Equity Interest with Pledgee or its designee(s). The Pledgors undertake to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

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- 7.4 出质人特此承诺遵守并履行本协议下的所有保证、承诺、约定、陈述和条件。如果未能履行或仅部分履行上述保证、承诺、约定、陈述和条件, 出质人应向质权人赔偿因此导致的全部损失。

The Pledgors hereby undertake to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure to perform all or part of such guarantees, promises, agreements, representations and conditions, the Pledgors shall indemnify Pledgee for all losses resulting therefrom.

8. 行使质权

Exercise of Pledge

- 8.1 以下事件将构成本协议下的违约事件(“**违约事件**”)(违约事件将被视为“持续”, 除非已被补救或豁免):

Each of the following shall constitute an event of default (“**Event of Default**”) hereunder (and an Event of Default is “continuing” if it has not been remedied or waived):

- (i) 出质人、目标公司在本协议或任何主协议下作出的任何陈述、保证或声明在任何方面不真实、不完整或不准确；或，出质人、目标公司违反或未能履行本协议或任何主协议下的任何义务、或未能遵守本协议或任何主协议下的任何承诺；或
- any statement, warranty or representation made by the Pledgors or the Company under this Agreement or any of the Principal Agreements are not true, complete or accurate in any aspect; or the Pledgors or the Company breach or fail to fulfill any obligation or abide by any covenants and undertakings under this Agreement or any Principal Agreements; or
- (ii) 出质人、目标公司在本协议或任何主协议下的一项或多项义务被视为不合法或者无效；
- any or more of the obligations of the Pledgors or the Company under this Agreement or any of the Principal Agreements are deemed as unlawful or void.

- 8.2 一旦发生违约事件以及在违约事件持续的过程中，质权人有权要求出质人立即支付目标公司在服务协议项下之所有未偿款项、偿还任何贷款及支付所有其他应付款项，及质权人有权根据相关有效中国法律行使被担保方的所有权利（包括《中华人民共和国民法典》中的规定），这些权利包括但不限于：

Upon the occurrence and during the continuance of an Event of Default, Pledgee shall have the right to require the Pledgors to immediately pay any amount payable by the Company under the Service Agreement, repay any loans and pay any other due payments, and Pledgee shall have the right to exercise all such rights as a secured party under any applicable PRC law, including the Civil Law Code of the People's Republic of China, as in effect from time to time, including without limitations:

- (i) 通过向出质人提前三(3)天发出书面通知，在一个或多个公开或私有交易场合出售部分或全部质押股权，且该等出售可以是以现金、信用交易或未来交付的方式进行；或
- to sell all or any part of the Pledged Equity Interest at one or more public or private sales upon three (3) days' written notice to the Pledgors, and any such sale or sales may be made for cash, upon credit, or for future delivery; or
- (ii) 以中国法律允许的最低价格，与出质人签署协议购买质押股权。

to execute an agreement with the Pledgors to acquire the Pledged Equity Interest based on the lowest price as permitted by the applicable PRC laws at the time ..

- 8.3 如质权人要求，出质人和目标公司应采取所有合法和适当的行动，保证质权人行使其质押权利。就前述而言，出质人和目标公司应按质权人合理要求，签署所有文件和材料及采取所有措施和行动。

The Pledgors and the Company, at the request of Pledgee, shall take all lawful and appropriate actions to secure Pledgee's exercise of the Pledge right. For the purpose of the foregoing, the Pledgors and the Company shall sign all the documents and materials and carry out all measures and take all actions reasonably required by Pledgee.

9. 转让

Assignment

- 9.1 未获质权人事先书面同意，目标公司和出质人不得向任何第三方转让其各自在本协议项下的任何权利和义务。

The Company or either Pledgors shall not assign any of their respective rights or obligations under this Agreement to any third party without the prior written consent of Pledgee.

- 9.2 目标公司和出质人特此同意，质人可以其完全自主判断自行转让其在本协议项下的权利和义务，且仅需向目标公司和出质人发出书面通知。

The Company and the Pledgors hereby agree that Pledgee may assign its rights and obligations under this Agreement as Pledgee may decide, at its sole discretion, and such transfer shall only be subject to a written notice sent to the Company and the Pledgors.

- 9.3 本协议的条款和条件应为当事方各自的继承人和经许可的受让人之利益而生效，并应约束当事方各自的继承人和受让人。除非本协议明示规定，本协议的任何规定（明示和默示的）均不意图赋予除本协议当事方或其各自继承人和受让人之外的任何其他方本协议项下或源于本协议的任何权利、救济、义务、或责任。

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Save as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

- 9.4 如果在任何时候，由于任何中国法律、法规或规章的颁布或改变，或由于对该等法律、法规或规章的解释或适用的改变，或由于有关登记程序的改变，使质权人认为维持本协议生效及/或以本协议规定的方式处分质押股权变为不合法或与该等法律、法规或规章相违背时，出质人和目标公司应立即按质权人的书面指令，采取任何行动，和/或签署任何协议或其他文件，以：(i)保持本协议有效；(ii)便利地以本协议规定的方式处分质押股权；和/或(iii)维持或实现本协议设立的或意图设立的担保。

If at any time, as a result of any promulgation or modification of PRC laws, regulations or rules, or due to the change in the interpretation or application of such laws, regulations or rules, or owing to the change of the relevant registration procedures, which make Pledgee believe that keeping this agreement effective and/or exercising the Pledge in the form of the provisions of this agreement is illegal or contradicts with such laws, regulations or rules, the Pledgors and the Company should take any action, and/or sign any agreement or other documents instructed in written by Pledgee to: (i) keep this Agreement valid and effective; (ii) dispose the pledge equity in the form as provided for in this Agreement in a convenient manner; and/or (iii) maintain or achieve the guarantee that this Agreement established or intends to set up.

10. 完整协议和协议修改

Entire Agreement and Amendment to Agreement

- 10.1 本协议及本协议中明确提到或包含的全部约定和/或文件，构成关于本协议标的事项的完整协议，取代各方先前就本协议标的事项达成的所有口头约定、合同、谅解和交流。

This Agreement and all agreements and/or documents mentioned or included explicitly by this Agreement constitute the complete agreement with respect to the subject matter of this Agreement and shall supersede any and all prior oral agreements, contracts, understandings and communications made by the Parties with respect to the subject matter of this Agreement.

- 10.2 对本协议的任何修改应以书面方式作出，并仅在本协议各方签字后生效。经各方正式签署的修改协议或补充协议构成本协议的组成部分，与本协议具有同等法律效力。

Any modification of this Agreement shall be made in a written form and shall only become effective upon execution by all Parties of this Agreement. Modifications and supplements to this Agreement duly executed by the Parties shall be parts of this Agreements and shall have the same legal effect as this Agreement.

11. 管辖法律

Governing Law

本协议受中国法律管辖且据其进行解释。

This Agreement shall be construed in accordance with and governed by the laws of the PRC.

12. 争议解决

Dispute Resolution

- 12.1 因本协议产生或与本协议相关的任何争议或主张应由各方通过友好协商的方式解决。如果各方未能解决争议，应将争议提交到厦门仲裁委员会（“仲裁委”），由仲裁委按照申请仲裁时有效的仲裁委仲裁规则经由仲裁解决。仲裁地为厦门，仲裁语言为中文。只用一名仲裁员仲裁，该仲裁员由仲裁委指定。仲裁裁决具终局性且对各方都有约束力。

Any dispute or claim arising out of or in connection with or relating to this Agreement shall be resolved by the Parties in good faith through negotiations. In case no resolution can be reached by the Parties, such dispute shall be submitted to the Xiamen Arbitration Commission (the “**Arbitration Commission**”) for arbitration in accordance with its rules of arbitration in effect at the time of applying for such arbitration and the place of arbitration shall be in Xiamen, and the language of arbitration shall be Chinese. The arbitration tribunal shall be composed of only one arbitrator, which shall be appointed by the arbitration commission. The arbitral award shall be final and binding upon all Parties.

- 12.2 在争议解决和仲裁程序进行过程中，除了本协议正在仲裁的事宜以外，双方应在实际可行的前提下继续履行本协议。每一方应自行承担为解决任何争议而发生的费用，但仲裁费应由双方平均分担。

Throughout any dispute resolution and arbitration proceedings, the Parties shall continue to perform this Agreement, to the extent practical, with the exception of the matter that is under arbitration. Each Party shall be responsible for his/her/its own expenses in connection with resolving any Dispute, but the arbitration fees shall be shared equally.

13. 生效日和期限

Effective Date and Term

- 13.1 本协议应于文首所载日期签署并生效。

This Agreement shall be executed and take effect as of the date first set forth above.

- 13.2 本协议在目标公司存续期间持续有效，除非根据质权人的事先书面通知终止。

This Agreement shall remain effective as long as the Company exists unless terminated upon the prior written notice of the Pledgee.

14. 通知

Notices

任何一方按本协议规定发出的通知或其他通信应以英文或中文语书写，并可以专人递送、挂号邮寄、邮资预付邮寄、或受承认的专递服务的形式发送到有关各方不时指定的收件地址。通知被视为实际到达的日期，应按如下方式确定：(i) 专人递送的通知，专人递送当日即视为已实际送达；以及(ii) 用信函发出的通知，则在邮资付讫的航空挂号信寄出日（依邮戳为准）后的第十（10）天，即视为已实际送达，或在送交专递服务公司后的第四（4）天，即视为已实际送达。

Notices or other communications required to be given by any party pursuant to this Agreement shall be written in English and Chinese and delivered personally or sent by registered mail or postage prepaid mail or by a recognized courier service to the address of each relevant party as specified by such party from time to time. The date when a notice is deemed to be duly served shall be determined as follows: (i) a notice delivered personally is deemed duly served upon delivery; and (ii) a notice sent by mail is deemed duly served on the tenth (10th) day after the date when the postage prepaid registered airmail is posted (as evidenced by the postmark), or on the fourth (4th) day after the date when the notice is delivered to an internationally-recognized courier service agency.

15. 可分割性

Severability

- 15.1 如果本协议项下的任何条款因与有关法律不一致而无效或不可执行，则该条款仅在有关法律的管辖范围之内被视为无效或不可执行，并且本协议其他条款的有效性、合法性和可强制执行性不受其影响。

15.2 无论本协议是否已终止, 任何一方对于以下信息均负有保密义务: (i) 本协议之签署、履行及本协议之内容; (ii) 各方在讨论、签订、执行本协议过程中所获悉的属于其他方的且无法自公开渠道获得的文件及资料, 包括但不限于知识产权、商业秘密、经营计划、市场活动、财务信息、技术信息、经营信息及其他非公开信息(以下合称为“**保密信息**”)。任何一方仅可就其履行其在本协议项下义务之目的而使用该等保密信息。未经质权人事先书面许可, 目标公司及出质人均不得向任何第三方披露上述保密信息, 否则应承担违约责任并赔偿损失。

No matter whether this agreement has been terminated, each party has the obligation to keep confidential for the following information: (i) the signing, performance, and the content of this agreement; (ii) documents and information sources acquired in the process of discussion, signing, execution and performance of this Agreement that belong to the other party and are not open to the public, including but not limited to, intellectual property, trade secrets, business plans, marketing activities, financial information, technical information, business information and other non-public information (hereinafter referred to as the “**confidential information**”). Each party can only use such confidential information for the purpose of performing his/her/its obligations under this agreement and without the written consent of the Pledgee, the Company or the Pledgors shall not disclose such confidential information to any third party, otherwise he/she/it shall bear the liability for breach of contract and compensate the losses.

16. 语言

Languages

本协议以中文和英文书就, 两种文本具备同等法律效力。两种文本若有不一致之处, 应以中文为准

This Agreement is being executed in both Chinese and English versions. Both versions shall have the same legal effect. In case of any discrepancy between the two versions, the Chinese version shall prevail.

17. 文本

Counterparts

本协议由协议各方签署四(4)份原件, 各方各执一(1)份, 所有原件具有同等法律效力。本协议可以一份或多份副本方式签署。

This Agreement shall be executed in four (4) originals by all Parties, with each Party holding one (1) original. All originals shall have the same legal effect. The Agreement may be executed in one or more counterparts.

[后附签字页 Signature Pages Follow]

有鉴于此, 各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

质权人: 厦门艾莱斯管理咨询有限公司

Pledgee: Xiamen Alliance Management Consulting Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

盖章: (公章)

Seal: (Seal) /s/ Xiamen Alliance Management Consulting Co., Ltd.

目标公司: 厦门艾莱斯酒业集团有限公司

Company: Xiamen Alliance Liquor Industrial Group Co., Ltd.

授权代表:

Authorized Representative: Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

盖章: (公章)

Seal: (Seal) /s/ Xiamen Alliance Liquor Industrial Group Co., Ltd.

有鉴于此, 各方于文首所述日期正式签署本协议。

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date appearing at the head hereof.

出质人/ Pledgors: / Yuhan ZHAO

签字/Signature: /s/ Yuhan ZHAO

股权质押协议 Equity Interest Pledge Agreement
签字页 Signature Page

附件1 出质人

SCHEDULE1 PLEDGORS

序号 No.	姓名 NAME	身份证号 ID No.
1.	Yuhan ZHAO	****

股权质押协议 Equity Interest Pledge Agreement
附件1 SCH1

确认及承诺函
LETTER OF CONFIRMATION AND UNDERTAKING

致：厦门艾莱斯管理咨询有限公司（“独资公司”）

Attention: Xiamen Alliance Management Consulting Co., Ltd. (“WFOE”)

作为厦门艾莱斯酒业集团有限公司（“内资企业”）的股东，本人在此确认、承诺及保证，如出现本人死亡、丧失行为能力、离婚或发生任何可能影响本人行使在内资企业的股东权利的情形，本人的继承人、监护人、债权人、配偶或者任何其他有权对本人持有的内资企业之股权主张权利或者利益的其他人均不会在任何情况下以任何方式采取任何可能影响或者妨碍本人履行在本人于2023年5月1日签署的《独家服务总协议》《业务合作协议》《委托协议》《独家购股权协议》和《股权质押协议》（包括其不时修订的版本，以下合称“控制性协议”）下所承担的义务的行动。

As a shareholder of Xiamen Alliance Liquor Industrial Group Co., Ltd. (“Domestic Company”), I hereby confirm, undertake and warrant that my successor, guardian, creditor, spouse or any other person that may be entitled to assume rights and interests in the equity interest of Domestic Company held by me upon my death, incapacity, divorce or any circumstances that may affect my ability to exercise my rights of shareholder in Domestic Company, will not, in any manner and under any circumstances, take any action that may affect or hinder the fulfillment of my obligations under each of the Master Exclusive Service Agreement, the Business Cooperation Agreement, the Proxy Agreement, the Exclusive Option Agreement and the Equity Interest Pledge Agreement executed by me on May 1, 2023) (as may be amended from time to time, collectively the “Contractual Agreements”).

本人进一步确认，当独资公司要求时，本人将向独资公司和/或独资公司指定的第三方转让本人所持内资企业的全部股权并终止控制性协议。在不抵触适用的中国法律的前提下，在终止控制性协议时，本人必须将所收到的独资公司就其收购本人所持有的内资企业的股权所支付给本人的任何对价交回独资公司或交付给独资公司指定的实体。

I hereby further confirm that, subject to requirement by WFOE, I will terminate the Contractual Agreements and transfer all of the equity interest of Domestic Company held by me to WFOE or any party designated by WFOE as WFOE's request. Subject to the applicable PRC laws, when the Contractual Agreements are being terminated, I shall return to WFOE or deliver to the entity designated by WFOE any and all consideration I was paid by WFOE for its acquisition of my equity interest of Domestic Company.

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本人承诺于控制性协议有效期间：(i)除经独资公司事先书面同意外，本人将不会直接或间接（无论透过本人还是透过任何其他自然人或法律实体）参与，或从事、收购或持有（于任何情况下无论作为股东、合伙人、代理人、雇员或其他）与内资企业或其任何其关联公司存在或可能存在竞争之任何业务或于其中拥有权益；(ii)本人的任何作为或不作为将不会导致本人与内资企业（包括但不限于内资企业的股东）之间的任何利益冲突；及 (iii)倘发生此等利益冲突（而独资公司可全权决定该类利益冲突有否发生），本人将在不抵触中国法律的前提下，采取任何经独资公司指示之行动从而消除该等利益冲突。

I hereby undertake that, during the term of the Contractual Agreements, (i) unless otherwise agreed by WFOE in prior writing, I will not directly or indirectly (by myself or by entrusting any other natural person or legal entity) to engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Domestic Company or its affiliated companies or to have any interest in such business; (ii) none of my actions or omissions will give rise to conflict of interest between myself and Domestic Company (including but not limited to the shareholders of Domestic Company); and (iii) in the event of any such conflict described in paragraph (ii), which shall be decided at the sole discretion of WFOE, I will take any action as instructed by WFOE to eliminate such conflict provided such action is compliant with PRC laws.

本函系就控制性协议拟定的交易而以该等协议项下之独资公司及其继承人和经允许的受让人为受益人出具的同意函，且独资公司及其继承人和受让人可为所有目的依赖本函。此外，本函的条款和条件对本人的继承人以及经独资公司允许的本人的受让人（“经允许的受让人”）适用并具有约束力。该等继承人和经允许的受让人应当承担本人于控制性协议项下的各项义务，且应当采取任何及所有行动以确保该等义务对其适用，包括但不限于，在独资公司依其自行判断作出相应指示的情况下，签署新的控制性协议以及签署能产生令该等继承人和经允许的受让人有如是控制性协议的缔约方之效果的其他协议和文件。

This letter is given in favor of, and may be relied upon for all purposes, by WFOE and its successors and permitted assigns under the Contractual Agreements in connection with the transactions contemplated thereunder. In addition, the terms and conditions of this letter shall apply to and be binding upon the successors of me and assigns of me as permitted by WFOE (the “Permitted Assigns”), and such successors and Permitted Assigns shall be subject to the obligations of mine under the Contractual Agreements and shall take any and all actions to ensure those obligations will apply to them, including without limitation, as may be directed by WFOE in its sole discretion, entering into new contractual agreements and executing such other agreements and documents with the same effect as if such successors and Permitted Assigns were parties to the Contractual Agreements.

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股东姓名Name: Yuhan ZHAO
身份证号码PRC Identification Card No.: ****

签字Signature: /s/ Yuhan ZHAO

日期: 2023年5月1日
Date: May 1, 2023

确认及承诺函 LETTER OF Confirmation and Undertaking
签字页 Signature Page

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jinlong Yang, certify that:

1. I have reviewed this annual report on Form 20-F of MingZhu Logistics Holdings Limited.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Jinlong Yang

Jinlong Yang
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jingwei Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of MingZhu Logistics Holdings Limited.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Jingwei Zhang
Jingwei Zhang
Chief Financial Officer
(Principal Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of MingZhu Logistics Holdings Limited. (the “Registrant”) on Form 20-F for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certifies pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 15, 2024

/s/ Jinglong Yang

Jinlong Yang

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of MingZhu Logistics Holdings Limited. (the “Registrant”) on Form 20-F for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certifies pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 15, 2024

/s/ Jingwei Zhang

Jingwei Zhang
Chief Financial Officer
(Principal Accounting Officer)

MINGZHU LOGISTICS HOLDINGS LIMITED
Clawback Policy

Adopted and approved on November 28, 2023

The Board of Directors (the “Board”) of Mingzhu Logistics Holdings Limited (the “Company”) believes that it is in the best interests of the Company and its shareholders to adopt this Clawback Policy (the “Policy”), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated under the Exchange Act (“Rule 10D-1”) and Nasdaq Listing Rule 5608 (the “Listing Standards”).

1. Administration

Except as specifically set forth herein, this Policy shall be administered by a majority of independent directors serving on the Board or, if so designated by the Board, a committee thereof (the independent directors or such committee charged with administration of this Policy, the “Administrator”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee, as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority.

Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

2. Definitions

As used in this Policy, the following definitions shall apply:

“Accounting Restatement” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“Administrator” has the meaning set forth in Section 1 hereof.

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“Applicable Period” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “date on which the Company is required to prepare an Accounting Restatement” is the earlier to occur of (a) the date the Board or the Audit Committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

“Covered Executives” means the Company’s current and former Executive Officers, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.

“Erroneously Awarded Compensation” has the meaning set forth in Section 5 of this Policy.

“Executive Officer” means each individual who is currently or was previously designated as an “officer” of the Company as defined in Rule 16a-1(f) under the Exchange Act. For the avoidance of doubt, the identification of an executive officer for purposes of this Policy shall include each executive officer who is or was identified pursuant to Item 401(b) of Regulation S-K, as applicable, as well as the principal financial officer and principal accounting officer (or, if there is no principal accounting officer, the controller).

A “Financial Reporting Measure” is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return (“TSR”); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization (“EBITDA”); funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company’s financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities Exchange Commission.

“Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is “received” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

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3. Covered Executives; Incentive-Based Compensation

This Policy applies to Incentive-Based Compensation received by a Covered Executive after the effective date of the Listing Standards (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

4. Required Recoupment of Erroneously Awarded Compensation in the Event of an Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation

5. Erroneously Awarded Compensation: Amount Subject to Recovery

The amount of “Erroneously Awarded Compensation” subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts. Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

By way of example, with respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

For Incentive-Based Compensation based on stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market (“Nasdaq”).

6. Method of Recoupment

(a) The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (i) seeking reimbursement of all or part of any cash or equity-based award, (ii) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (iii) cancelling or offsetting against any planned future cash or equity-based awards, (iv) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

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(b) After an Accounting Restatement, the Administrator shall determine the amount of any Erroneously Awarded Compensation received by each Executive Officer and shall promptly notify each Covered Executive with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable.

(c) The Administrator shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. Notwithstanding the foregoing, except as set forth below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive’s obligations hereunder. To the extent that a Covered Executive fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Covered Executive. The applicable Covered Executive shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(d) To the extent that the Covered Executive has already reimbursed the Company for any Erroneously Awarded Compensation received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

(e) The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The Administrator has determined that direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq; or

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- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder; or
- Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq.

7. No Indemnification of Covered Executives

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not insure or indemnify any Covered Executives against (i) the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy or (ii) any claims relating to the Company’s enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid or awarded to a Covered Executive from the application of this Policy or that waives the Company’s right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

8. Administrator Indemnification

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

9. Effective Date; Retroactive Application

This Policy shall be effective as of the effective date of the Listing Standards (the “Effective Date”). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of Section 6 hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

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10. Amendment; Termination

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company’s securities are listed. Notwithstanding anything in this Section 10 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, U.S. Securities and Exchange Commission (“SEC”) regulations and rules, or Nasdaq rule.

11. Other Recoupment Rights; Company Claims

This Policy shall be binding and enforceable against all Covered Executives and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives. The Board intends that this Policy shall be applied to the fullest extent of the law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with a Covered Executive shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Covered Executive to abide by the terms of this Policy.

Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

12. Disclosure Requirements

The Company shall file all disclosures with respect to this Policy required by applicable SEC rules. A copy of this Policy and any amendments thereto shall be posted on the Company’s website and filed as an exhibit to the Company’s Annual Report on Form 10-K.

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[TO BE SIGNED BY THE COMPANY’S EXECUTIVE OFFICERS]

Clawback Policy Acknowledgment

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Mingzhu Logistics Holdings Limited Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the “Policy”). In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern. In the event it is determined by the Administrator that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. Any capitalized terms used in this Acknowledgment without definition shall have the meaning set forth in the Policy.

By: /s/Jinlong Yang
Jinlong Yang

November 28, 2023
Date

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