

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

FORM 10-K

(Mark One)

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

For the transition period from **to**

Commission file number 001-41761

Cheetah Net Supply Chain Service Inc.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of
incorporation or organization)

81-3509120

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

6201 Fairview Road, Suite 225

Charlotte, North Carolina 28210

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(704) 972-0209**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	CTNT	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

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

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

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

Indicate by check mark whether the registrant 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.

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

The registrant's Class A common stock commenced trading on the Nasdaq Capital Market on August 1, 2023. As of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, the registrant's Class A common stock was not publicly traded. Accordingly, there was no market value for the registrant's Class A common stock on such date.

The number of the registrant's shares of Class A common stock, \$0.0001 par value per share, outstanding on March 15, 2024 was 10,938,329.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business.

Overview

We are a supplier of parallel-import vehicles sourced in the U.S. to be sold in the PRC market. In the PRC, parallel-import vehicles refer to those purchased by dealers directly from overseas markets and imported for sale through channels other than brand manufacturers' official distribution systems. Parallel-import cars have been popular in the PRC because they are generally priced 10% to 15% cheaper than vehicles sold through distribution systems authorized by brand manufacturers and generally offer a wider variety of models and versions with more customization. In addition, some overseas models can only be obtained through this channel rather than through the brand manufacturers' authorized distribution systems as a result of certain regulations that prohibit their production and sale in the PRC due to environmental protection and emission standards. Customers demand our parallel-import vehicles largely because our selling prices are lower than those offered by other suppliers of parallel-import vehicles to the PRC market, driven by our scalable operations and a systematic approach to procurement. We have available a large number of professional purchasing agents that we believe can supply stable and large quantities of cars at reasonable prices to Chinese parallel-import car dealers and maintain a long-term relationship with them. See “—Our Competitive Strengths—In-depth Industry Insight and Strong Overseas Procurement Capability Enabled by a Large Team of Professional Purchasing Agents.”

In China, sales of parallel-import vehicles have been facilitated by a series of related regulations and policies that have been promulgated by the PRC government since 2016, including “Several Opinions on Promoting Pilot Parallel Import of Automobiles,” “Opinions on Further Promoting the Development of Parallel Import of Automobiles,” and the “Circular on Several Measures for Invigorating Automobile Circulation and Promoting Automobile Consumption.” Such regulations and policies are in compliance with U.S. laws on trade and export. See “—Our Industry and Business Model.” To our knowledge, there are currently no U.S. federal or state laws, regulation, or rules on trade or export that prohibit the export of vehicles that will be parallel imported into foreign countries. We purchase automobiles, primarily luxury brands, such as Mercedes, BMW, Land Rover, Lexus, and Bentley, from the U.S. market and resell them to our customers, including both U.S. and PRC parallel-import car dealers, for sale to the ultimate users. We derive profits primarily from the price difference between our buying and selling prices for parallel-import vehicles.

The primary driver for our industry is the continued growth of high-net-worth individuals in China. The core of our business is the ability to identify the type of parallel-import vehicles that are in high demand and to procure them in a timely manner. We procure our automobiles from U.S. automobile dealers via a network of independent contractors acting as purchasing agents on our behalf. As of December 31, 2023 and 2022, we actively worked with 389 and 342 purchasing agents, respectively.

We believe that our corporate focus and dedication to the market, manifested in the size and sophistication of our purchasing agent team, provides us with a significant marketing advantage and sets us apart from our competitors. Although we compete directly with many other companies that sell parallel-import vehicles to the PRC, most of our competitors are small family businesses that obtain U.S. cars through their family members or friends in the U.S. and therefore cannot guarantee a steady supply. We have developed a standardized system of recruiting, training, and managing a large number of professional purchasing agents, enabling us to sell on a recurring basis a large number of automobiles to the PRC market. We have been currently able to maintain sufficient purchasing agents to meet our purchasing demand, and as a result, we have become a reliable source of parallel-import vehicles and have built long-term relationships with multiple U.S. and PRC parallel-import car dealers. During the years ended December 31, 2023 and 2022, we sold 230 and 434 parallel-import vehicles to Chinese parallel-import car dealers, respectively. During the same years, we sold 73 and 29 parallel-import vehicles to our U.S. customers, respectively.

We experienced significant growth in sales volume, revenue, and gross profit from 2016, when we commenced our operations, to the first half of 2022 due to our core strengths and a favorable economic climate. Our financial results in 2022 were impacted by the COVID-19 pandemic and our financial results continue to be impacted by weak economic conditions in the PRC. We have responded to this weakness by focusing less on unit sales and concentrating more on the sales of those luxury vehicles that provide us with the highest profitability per transaction. Our financial results during 2023 demonstrate the impact of this strategy shift. We sold 303 and 463 vehicles during the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, we had total revenue of \$38.3 million and \$55.2 million, respectively, representing a decrease of 30.5% from 2022 to 2023. We earned net income of \$0.1 million for the year ended December 31, 2023, compared to net income of \$0.8 million for the year ended December 31, 2022.

Sales to the PRC market represent a significant part of our revenue. During the years ended December 31, 2023 and 2022, sales to the China market accounted for approximately 78.7% and 93.1% of our revenue, respectively.

Recent Developments

To diversify our revenue and further leverage our in-depth expertise in the parallel-import vehicle industry, we launched our financial services to small- and medium-sized traders in the global supply chain industry (primarily other parallel-import vehicle suppliers) in October 2022. Our financial services are provided in the form of inventory financing, for which customers can use their cars as collateral, which will be stored in our warehouse or other locations designated by us, in exchange for a loan from us. In December 2023, we further advanced such financial services strategy by introducing our vehicle pledge loans, primarily aimed at parallel-import car dealers. We provided \$0.7 million in loans to third parties in the fourth quarter of 2023, all of which was outstanding as of December 31, 2023. See “Note 4—Loans Receivable” in the notes to our consolidated financial statements for more details.

Beginning in the second half of 2023, the market for new luxury vehicles in the PRC has been negatively impacted by weak economic conditions and a shift in consumer demand towards electric vehicles (“EVs”), mainly those produced domestically by PRC manufacturers. Luxury import brand manufacturers have responded to these threats by discounting the sale price of their vehicles, which has resulted in a significant challenge to our ability to generate a profit from the sale of parallel-import vehicles generally. Consistent with our strategy to focus only on profitable parallel-import vehicle transactions, our unit sales during the fourth quarter of 2023 fell to 49 vehicles, a 36.4% decrease from the fourth quarter of 2022 and a 38.0% drop from unit sales in the third quarter of 2023, which resulted in our recognition of a net loss during the fourth quarter of 2023. This market dynamic has continued into 2024 and we are unable at this time to predict when the market for luxury vehicles will firm and the price spread between vehicles sourced from brand manufacturers’ official distribution systems and those sourced via the parallel-import market will return.

To diversify our revenue and further leverage our in-depth expertise in the parallel-import vehicle industry, we have embarked on a plan to acquire warehousing and logistics businesses with the goals of reducing our costs of transporting purchased vehicles from the dealer lot to the ultimate point of sale and to more efficiently manage the transaction cycle. We completed the first of such acquisitions in early 2024. On January 24, 2024, we entered into a stock purchase agreement with Edward Transit Express Group Inc. (“Edward”), a California-based common carrier specializing in ocean and air transportation services, and the sole shareholder of Edward. On January 29, 2024, we entered into an amendment to the stock purchase agreement with Edward and the sole shareholder of Edward, modifying certain terms of such agreement. Pursuant to the stock purchase agreement, as amended, we agreed to acquire 100% of the equity interests in Edward from the sole shareholder of Edward, for a cash payment of \$300,000 and 1,272,329 shares of our Class A common stock. On February 2, 2024, we closed the acquisition and Edward became a wholly-owned subsidiary of our Company. The acquisition of these capabilities can be further leveraged by offering warehousing and logistics services to third-party parallel-import vehicle and other wholesalers and enhanced by offering financial services that we launched in October 2022. Our long-term ambition is to move beyond the parallel-import vehicle business and become an integrated provider of international trade services for small- and medium-sized traders.

Our Competitive Strengths

We believe the following competitive strengths are essential for our success and differentiate us from our competitors:

In-depth Industry Insight and Strong Overseas Procurement Capability Enabled by a Large Team of Professional Purchasing Agents

We are capable of providing a large and stable source of parallel-import vehicles. With in-depth knowledge of the Chinese luxury car market, we have built a large team of independent contractors, who serve as professional purchasing agents, to facilitate our procurement of vehicles, enabling us to become a growing supplier of parallel-import vehicles. As of December 31, 2023, we had 389 professional purchasing agents who are experts in both luxury cars and negotiation skills. Due to our in-depth industry insight and strong procurement capability enabled by our sizable team of purchasing agents, we have built long-term relationships with five Chinese parallel-import car dealers. We rely on the business relationships we have built over the years while working with those PRC customers, many of which have cooperated with us for over three years. Since our inception in 2016, we have developed a standardized system of recruiting, training, and managing a large number of professional purchasing agents, enabling us to sell on a recurring basis a large number of automobiles to the PRC market. We believe that our corporate focus and dedication to the market, manifested in the size and sophistication of our purchasing agent team and our ability to source and train new purchasing agents, sets us apart from our competitors. Although we compete directly with many other companies that sell parallel-import vehicles to the PRC, most of our competitors are

small family businesses that obtain U.S. cars through their family members or friends in the U.S. and therefore cannot guarantee a steady supply. See “—Our Professional Purchasing Agents.” The standardized system has been tested during the past years and has propelled us into a strong market position in parallel-import car sales. As a result, Chinese parallel-import car dealers with whom we work proactively choose to source luxury vehicles from us.

Scalable Operation with Systematic Approach to Procurement Which Drives Better Pricing for Customers

Customers demand our parallel-import vehicles largely because our selling prices are lower than those offered by other suppliers of parallel-import vehicles to the PRC market, driven by our scalable operation with a systematic approach to procurement. We acquired automobiles from U.S. automobile dealers via our purchasing agents. See “—Sales of Parallel-Import Vehicles—Services and Operational Flow—Procurement.” Since we have a large number of professional purchasing agents with excellent negotiation skills, we believe we are able to supply stable and large quantities of cars at reasonable prices to Chinese parallel-import car dealers and maintain a long-term relationship with them. See “—In-depth Industry Insight and Strong Overseas Procurement Capability Enabled by a Large Team of Professional Purchasing Agents.” We purchased and sold 258 and 303 vehicles, respectively, during the year ended December 31, 2023. We purchased and sold 356 and 463 vehicles, respectively, during the year ended December 31, 2022. As a stable parallel-import vehicle supplier, we are able to offer our customers a lower price than our competitors, which in turn increases our customers’ demand for our automobiles.

A Visionary and Experienced Management Team with Strong Financial and Operational Expertise

Our senior management team has extensive experience in finance and imports and exports of automobiles. Mr. Huan Liu, our Chief Executive Officer, has extensive experience in real estate, private equity, and car imports and exports. As the founder and CEO of Cheetah Net, Mr. Huan Liu has been responsible for the management of day-to-day operations and high-level strategizing and business planning, as well as implementing proposed plans and evaluating the success of our Company in achieving its goals. From 2014 to 2015, Mr. Huan Liu served as the chief executive officer at Beijing Xinyongjia Technology Co., where he was responsible for identifying opportunities for expansion and analyzing operations to identify areas in need of reorganization. From 2012 to 2013, Mr. Huan Liu served as the senior investment manager at Beijing Wanze Investment Management Co. Ltd. and was responsible for developing and implementing risk-based asset allocation models and performance analytics. He received his master’s degree in Finance from the International Business School at Brandeis University in 2012.

Our Growth Strategies

Taking the niche market of parallel-import vehicle trade as an entry point, we intend to continuously consolidate our upstream and downstream customer resources. By leveraging these resources and our industry expertise, we are launching and developing our warehousing and logistics services and providing financial services to the upstream and downstream dealers across the entire parallel-import vehicle trade value chain. Ultimately, we aim to become a global supply chain platform that offers an integrated package of warehousing, logistics, and financial services to small- and medium-sized import and export companies. Specifically, we intend to develop our business and strengthen our brand loyalty by implementing the following strategies:

Launch Additional Warehousing and Logistics Services

We plan to acquire two warehouses, either on the east or west coasts of the United States. As of the date of this annual report, we have already acquired one warehouse through the acquisition of Edward. We have retained Edward’s current manager, who possesses extensive experience in the freight industry, as the CEO of our new wholly-owned subsidiary following the acquisition of Edward, to lead our warehousing and logistics business. Lately, we have transported a majority of the vehicles to the west coast, and while this decision increased our procurement costs, it was offset by a decrease in selling expenses. Additionally, the new strategy also streamlines shipping time and expedites receipt of payment through letters of credit, since it only takes approximately two to three weeks to deliver a purchased vehicle to a customer overseas through the west coast ports (compared with 40 to 60 days if through the east coast ports), resulting in significantly shorter payment cycles. The Edward acquisition provides us with our own warehousing and logistics systems. Thereafter, we expect to build economies of scale by providing these services to small- and medium-sized traders in the global supply chain industry. We expect our first customers will be parallel-import vehicle businesses with whom we have established relationships. Not only can we use our self-operated warehousing and logistics systems to deliver vehicles to the customers of our parallel-import vehicle business, we can also offer such services to other small- and medium-sized suppliers of parallel-import vehicles or those engaged in the import or export of other products between the U.S. and the PRC or other destinations around the world who lack such systems.

In the longer term, we plan to develop an online Service-as-a-Service (“SaaS”) platform to facilitate our warehousing services, logistics services, and financial services, enabling us to automate and digitalize key steps of the supply chain for our customers. The SaaS platform will include a warehouse management system, which monitors the entire flow of inventory, labor force, and information in and out of our warehouse network, resulting in improved operational efficiency by providing real-time inventory visibility. Our warehousing and logistics systems and SaaS platform will enable us to warehouse, manage, and deliver the goods of our customers. In addition, since we hold our customers’ goods in our own warehouses and monitor their inventory, we will be able to access real-time data related to customer’s inventory, purchases, and financial information with their prior consent, allowing us to make efficient decisions as to whether to approve customers’ application for our financial services. See “—Our Growth Strategies—Launch Financial Services to Small- and Medium-Sized Traders in the Global Supply Chain Industry.” Once we have established a relatively mature warehouse and logistical services in the parallel-import vehicle industry, we may expand our SaaS platform to other industries, such as textiles, medical products, and tires.

Moreover, after we obtain access to our warehouses, we plan to provide warehousing and order fulfillment services to small businesses, such as e-commerce merchants, who can send their products/merchandise to our warehouses in advance, and when their customers make a purchase, we will be responsible for picking, packing, and shipping the specific products to the customers based on their order information. By outsourcing their warehousing and order fulfillment functions to us, these small businesses may be relieved of their logistics burdens and have greater flexibility and agility when it comes to marketing and selling practices. We expect to generate revenue and profits by charging those small businesses storage, packing, and shipping service fees. We expect to further develop our SaaS platform with respect to the warehousing and order fulfillment services we plan to launch. Specifically, we plan to utilize our SaaS platform for marketing purposes by advertising small business sellers’ merchandise on our platform to help them promote and gain more exposure to potential or target customers. We expect to generate profits by charging small businesses services fees for our marketing efforts.

Manage the Growth of our Purchasing Agent Team and Maintain an Adequate Customer Base for the Parallel-Import Vehicle Business

We endeavor to continue to expand our parallel-import vehicle business. Retaining quality purchasing agents with excellent negotiation skills is an essential part of our business. To maintain or grow our team of professional purchasing agents, we will devote the necessary resources to personnel recruitment and training. In addition, we will maintain and grow our customer base by identifying and engaging more parallel-import car dealers in China to further increase our sales. Moreover, we will continue to monitor the constantly changing PRC market demand for vehicle models and expand our brand coverage as applicable to strengthen our strong market position as a supplier of luxury automobiles to the parallel-import car dealers in China.

Pursue Additional Strategic and Financially Attractive Acquisitions

We endeavor to identify, acquire, and integrate businesses that will expand our parallel-import vehicle business, warehousing services, and financial services while achieving synergies and generating attractive returns. Using our disciplined approach to screening and evaluating potential opportunities, we intend to seek strategically and financially attractive acquisition targets that provide us with new capabilities. We have significant internal resources dedicated to tracking potential acquisition prospects which are formally reviewed by senior management on a regular basis. Since we are a stable parallel-import vehicle supplier with a wide network of contacts and have been involved in the industry for more than eight years, we believe we will be an acquirer of choice in our industry at attractive valuations. Edward is the first such business that we integrated into our operations.

Organizational Structure

Cheetah Net was originally formed on August 9, 2016 under the laws of the State of North Carolina as a limited liability company known as Yuan Qiu Business Group LLC. On March 1, 2022, we filed articles of incorporation including articles of conversion with the Secretary of State of the State of North Carolina to convert from an LLC to a corporation, and changed our name to Cheetah Net Supply Chain Service Inc. Cheetah Net also conducts business under the marketing name of “Elite Motor Group.” As of the date of this annual report, Cheetah Net holds 100% of the equity interests in the following entities:

- (i) Allen-Boy International LLC (“Allen-Boy”), a limited liability company organized on August 31, 2016 under the laws of the State of Delaware, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Allen-Boy who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on January 1,

2017. Allen-Boy did not have any business activities until acquired by Cheetah Net. Currently, Allen-Boy is engaged in the parallel-import vehicle business.

- (ii) Canaan International LLC (“Fairview”), a limited liability company organized on December 5, 2018 under the laws of the State of North Carolina, known as Fairview International Business Group, LLC before changing its name by filing articles of amendment on July 21, 2020. Fairview was acquired by Cheetah Net from Yiming Wang, a former employee of Cheetah Net, for a total consideration of \$100 on January 1, 2019. Fairview did not have any business activities until acquired by Cheetah Net. Currently, Fairview is engaged in the parallel-import vehicle business.
- (iii) Canaan Limousine LLC (“Limousine”), a limited liability company organized on February 10, 2021 under the laws of the State of South Carolina, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Limousine who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on February 19, 2021. Limousine did not have any business activities until acquired by Cheetah Net. Currently, Limousine is engaged in the parallel-import vehicle business.
- (iv) Pacific Consulting LLC (“Pacific”), a limited liability company organized on January 17, 2019 under the laws of the State of New York, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Pacific who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on February 15, 2019. Pacific did not have any business activities until acquired by Cheetah Net. Currently, Pacific is engaged in the parallel-import vehicle business and financial services.
- (v) Entour Solutions LLC (“Entour”), a limited liability company organized on April 8, 2021 under the laws of the State of New York, which was acquired by Cheetah Net from Daihan Ding, the previous owner of Entour, and a current employee of Cheetah Net, for a total consideration of \$100 on April 9, 2021. Entour did not have any business activities until acquired by Cheetah Net. Currently, Entour is engaged in the parallel-import vehicle business.
- (vi) Cheetah Net Logistics LLC (“Logistics”), a limited liability company organized on October 12, 2022 under the laws of the State of New York, whose previous sole member and owner, Hanzhang Li, a current employee of Cheetah Net, assigned all his membership interests in Logistics to Cheetah Net for a total consideration of \$100 through a membership interest assignment agreement dated October 19, 2022. Currently, Logistics is engaged in the parallel-import vehicle business.
- (vii) Edward, a corporation incorporated on July 14, 2010 under the laws of the State of California, whose previous sole shareholder and owner, Juguang Zhang, transferred all his right, title, and interest in and to all of the issued and outstanding equity interests of Edward to Cheetah Net for a total consideration of \$1,200,000 in cash and Cheetah Net’s Class A common stock through a stock purchase agreement dated January 24, 2024, as amended. Currently, Edward is engaged in ocean and air transportation services.

On August 3, 2023, we closed our IPO of 1,250,000 shares of Class A common stock at a price of \$4.00 per share. In connection with the IPO, the shares of Class A common stock began trading on the Nasdaq Capital Market under the symbol “CTNT” on August 1, 2023.

Our Industry and Business Model

We generate revenue primarily from the sales of parallel-import vehicles. In the PRC, parallel-import vehicles refer to those purchased directly by dealers from overseas markets and imported into the PRC market for sale through channels other than brand manufacturers’ official distribution systems. Models and prices of parallel-import vehicles vary from mid-range to high-end brands, with the manufacturer’s suggested retail price (“MSRP”) typically not less than \$40,000. Parallel-import cars are popular in China because they are relatively cheaper and offer a wider variety of models and versions with more customization possibilities than regular imported cars. Specifically, because parallel-import vehicles do not have to pass through multiple levels of distributors, such as China general distributors, regional distributors, and 4S stores, to reach their end consumers, they can generally be priced at least 10% to 15% lower than regular imported cars. Parallel-import cars are popular also because some overseas models cannot be produced and sold in China due to certain regulations concerning environmental protection and emission standards and can only be introduced into the PRC market through parallel imports. As manufacturers frequently arbitrage markets, setting the price according to local market conditions so the same vehicle will have different retail prices in different territories, this enables parallel-import vehicle dealers to utilize a profit

maximization strategy to drive profit from the industry. Currently, there are no U.S. federal or state laws, regulation, or rules on trade or export that prohibit the export of vehicles that will be parallel imported into foreign countries. Nonetheless, manufacturers and their distributors sometimes regard parallel-import vehicles as a competitor to their network of franchised dealerships, and thus may take measures to limit or reduce the opportunities for third parties, such as parallel-import vehicle dealers, to profit through leveraging the manufacturers' different pricing strategies across the world. For example, they may add provisions in their sales agreements that restrict the export of the purchased automobiles, or they may build and update their Suspect Customer Database and monitor and limit the sales of automobiles to those suspect customers.

Parallel-import vehicles in China are generally divided into three categories based on the original country of procurement, including the U.S. version, the Middle East version, and the European version. All of the cars we sell are of the U.S. version with MSRPs typically not less than \$80,000. Suppliers of the U.S. version of parallel-import cars are typically unable to purchase large quantities of vehicles, so most of the industry's participants are small family businesses who purchase cars from local dealers and resell them to local dealers/exporters in the U.S. or to dealers/importers in China. For U.S. dealers of parallel-import vehicles, vehicle sourcing capabilities are critical.

In order to rein in prices of foreign luxury cars in the PRC market, which are typically higher than elsewhere in the world, the PRC government has issued policies to promote the development of the parallel-import car industry. Since the PRC government issued policies to promote the layout of parallel-import vehicle trials in October 2014, the parallel-import vehicle market began to grow. In 2016, the Ministry of Commerce of the PRC and seven other departments issued "Several Opinions on Promoting Pilot Parallel Import of Automobiles" to speed up the implementation of the pilot policy measures to promote parallel-import cars. China began piloting parallel imports of automobiles in February 2016, where the first cities to pilot parallel imports of cars were Shanghai, Tianjin, Fuzhou, Shenzhen, and Huangpu, followed by Chengdu, Xinjiang Uygur Autonomous Region, Dalian, and Ningbo. As a result of these government policies, more Chinese consumers have access to foreign premium cars, such as Porsche and Land Rover, which have spurred sales despite overall softening sales in the broader market. The market liberalization in 2016 was partly driven by the PRC government's desire to break up monopolies, benefit consumers, and encourage more cooperation between suppliers and dealers in a fairer and more reasonable environment. In 2017, China's new "Measures for the Administration of Automobile Sales" (the "Measures") were released. Article 36 of the Measures provides a regulatory basis for the parallel importation of automobiles. This document contributed to the rapid development of the parallel import model in China. The new regulation defines the supplier of imported cars as "the operator who imports cars from abroad," and the authorization of the manufacturer is no longer required for importing cars. Under the traditional brand authorization model, the car manufacturer is in control of the product types and specifications of the imported cars. With the development of the parallel import model, however, a growing number of PRC end consumers choose to bypass the brand-authorized dealers in favor of non-authorized dealers for a variety of reasons such as price and special needs. The development of the parallel-import vehicle industry has since grown significantly. Furthermore, in 2019, the Ministry of Commerce of the PRC and six other departments issued the "Opinions on Further Promoting the Development of Parallel Import of Automobiles," which emphasizes the need to (i) permit and support establishment of compliance and modification sites for parallel-import automobiles to ensure the automobiles meet the national standards; (ii) promote the normalization and institutionalization of the parallel import of automobiles; (iii) further improve trade facilitation for parallel-import automobiles; and (iv) further strengthen the supervision and accountability of parallel-import automobiles. In 2022, the Ministry of Commerce of the PRC and 16 other departments promulgated the "Circular on Several Measures for Invigorating Automobile Circulation and Promoting Automobile Consumption," which provides that the PRC government will further promote the sustainable and healthy development of parallel import of automobiles by supporting the parallel import of automobiles in ports that permit automobile imports and improving the mandatory product certification and information disclosure system for parallel-import automobiles. Such regulations and policies comply with U.S. laws on trade and exports.

Currently, we are primarily engaged in parallel-import vehicle dealership business, where we purchase automobiles from the U.S. market through our large team of professional purchasing agents, and resell them to our customers, including both U.S.- and PRC-based parallel-import car dealers. We derive profits primarily from the price difference between our buying and selling prices for parallel-import vehicles. Our operating principle is to maximize sales margins rather than volume, so we mainly focus on luxury vehicle brands in large demand because of the strong purchasing power of the end consumers in the PRC and higher markups for pricing. This strategy allows us to maintain efficient operations and effective management by keeping the size and scope of our Company within reasonable limits.

Our Customers

We primarily serve two types of customers: (i) PRC customers and (ii) U.S. domestic customers. Specifically, our PRC customers refer to those Chinese automobile dealers/importers who intend to import automobiles into the PRC market as parallel-import vehicles. Our

U.S. domestic customers are parallel-import car dealers/exporters based in the U.S., which are typically the branches or upstream suppliers of Chinese parallel-import vehicle car dealers, who often lack purchasing capabilities in the U.S. market and need to purchase vehicles from us to transport to their PRC branches or sell to their PRC customers. Our customers are willing to work with us because we are able to provide them with a large number of vehicles having a wide variety of models, thus greatly reducing the difficulty of collecting and managing vehicles for them. Our PRC and U.S. customers generated approximately 78.7% and 21.3% of our revenue, respectively, during the year ended December 31, 2023, and 93.1% and 6.9% of our revenue, respectively, during the year ended December 31, 2022. We had a total of four and 17 customers for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, our three largest customers accounted for approximately 98.9% of our total revenue, while for the year ended December 31, 2022, our three largest customers accounted for 65% of our total revenue.

As an example of a typical transaction, under a sales contract entered into by and between our Company and a PRC customer, we are required to (i) load the designated automobiles on a vessel by the time of shipment specified in the contract at a U.S. port of loading; (ii) facilitate export customs clearance; (iii) provide the PRC customer with information about the designated automobiles, quantity, invoice amount, vessel name, and departure date, and provide a bill of lading, packaging list, commercial invoice, and other necessary documents; and (iv) ensure that the sold automobiles are brand new. Pursuant to the sales contract, the PRC customer (i) is responsible for import customs clearance and other relevant import issues; (ii) is required to bear all costs and risks once the designated automobiles arrive at the designated port of destination in the PRC; and (iii) is responsible for arranging payment as specified in the contract. In the event of any dispute, controversy, or claim arising out of or relating to such sales contracts, both parties agree (i) they will first try to resolve such disputes through friendly consultation; and that (ii) the validity, interpretation, and implementation of such contracts shall be governed by the laws of the State of North Carolina in the U.S.

Similarly, our U.S. customers enter into sales agreements for each automobile sold by us. According to a typical sales agreement entered into between our U.S. customers and our Company, we will (i) sell the designated automobile to the U.S. customer for the amount specified in the agreement and certify that all of the information provided therein is true and accurate to the best of our knowledge; (ii) deliver the automobile to the warehouse requested by the U.S. customer; and (iii) provide the automobile title within three weeks of the completion of the transaction. Meanwhile, the U.S. customer acknowledges that the automobile described therein is sold “as is” and that there is no guarantee or warranty either expressed or implied with respect to the automobile.

Our Suppliers

We do not have typical suppliers, because we purchase all of our automobiles via our team of professional purchasing agents from U.S. automobile dealers that have the designated automobile model in stock. The designated brands and models are usually luxury or mid-high-end vehicles that are in high demand in the PRC market, such as Mercedes GLS450, Mercedes G63, BMW X7, and Lexus 600.

Our Professional Purchasing Agents

As of December 31, 2023, we worked with 389 independent contractors as our professional purchasing agents, responsible for purchasing designated models of vehicles using the knowledge and negotiating skills they have acquired from our training. We have developed a standardized system of recruiting, training, and managing professional purchasing agents. Specifically, we post job listings on various job platforms to attract qualified potential candidates, and assign received resumes to our full-time procurement specialists, who will schedule interviews by telephone or in person. A second interview will be conducted by a procurement manager and/or human resources manager to further review the candidate’s background and qualifications. Upon reviewing the applicant’s experience in the industry, knowledge of our Company, and other qualifications, we will determine whether a candidate is a good fit. In addition, we have designed and developed our own referral program that incentivizes our existing agents to utilize their network to attract additional qualified agents and thus further expand our purchasing agent base. In particular, we encourage our purchasing agents to introduce such positions to their connections and forward their resumes or contact information to our Company if consent is granted. The candidates so referred, if retained, will receive our training and start working as purchasing agents, and the referral agent will earn a \$200 commission for each deal the referred agents close. There is no limit or cap on how many referrals can be made in our referral program. In the referral program, existing agents act as mentors to new agents by providing them with initial training and helping them become familiar with our Company.

Since most of the purchasing agents have other part-time employment, training sessions are provided to accommodate their schedules. In a training session, our procurement specialists outline the details, such as models with specifications, buying procedures, commission structure, and agent conduct when visiting a dealership. The agents are trained continuously after each deal is completed to improve their skills and knowledge. To determine whether a new purchasing agent has been fully trained and understands well his or her responsibilities, workflow, and company procedures and policies, a procurement manager will schedule an assessment test or call with the new agent before the agent places his or her first order with a dealership. We manage our purchasing agents through a variety of communication tools including texts, phone calls, emails, and zoom meetings. Each purchasing agent is assigned to a procurement specialist in charge, who leads and trains a group of agents. Depending on the agent's schedule, the procurement specialists in charge are in direct communication with their agents on a weekly basis for updates on active deals, leads for new potential deals, and scheduling vehicle pick-ups.

As each of our purchasing agents may only be able to perform a limited number of purchases before being recorded in the U.S. dealers' Suspect Customer Database, we may encounter difficulty maintaining a sufficient number of purchasing agents to meet our purchasing demand. Our newly established referral program helps us maintain sufficient purchasing agents by offering incentives to existing agents in the form of a referral commission on each successfully concluded transaction completed by a new agent whom they referred to us. As a result, agents are more motivated to work and stay with our Company.

In accordance with a typical independent contractor agreement entered between a professional purchasing agent and our Company, the purchasing agent agrees to (i) acquire the automobile identified by our Company and promptly transfer possession of the automobile to us; (ii) diligently execute all documents related to the transfer of title and delivery of the automobile; (iii) deliver the automobile without any physical damage, including all purchasing documents, user manuals, window sticker, keys, spare tires, and interior carpets; and (iv) acknowledge that the automobile is at all times the sole property of our Company insofar as we fulfill our obligation to fund all related costs of purchasing the automobile and to pay/reimburse all fees owed pursuant to the independent contractor agreement. Pursuant to the independent contractor agreement, we are required to pay the purchasing agent a service fee calculated according to an agreed-upon payment structure specified in the agreement, which includes (i) a base fee ranging from \$500 to \$2,000, depending on the model of the purchased automobile, and (ii) an incentive bonus that amounts to 25% of any further discount achieved by the purchasing agent beyond the pre-determined benchmark discount required for the purchased automobile. Such agreement also includes liability exemption clauses providing that the purchasing agent shall not be liable for any fines or lawsuits imposed by dealerships or manufacturers due to export infractions or infringements and we agree to indemnify, defend, and hold harmless the purchasing agent from and against any liability, losses, claims, costs, interests, penalties, expenses, and damages arising from any non-negligent execution of the role as purchasing agents on behalf of our Company.

Brands We Supply

The brands of automobiles we have procured include Mercedes, BMW, Porsche, Land Rover, Lexus, Bentley, Ram, and Toyota.

The following table sets forth a breakdown of brands purchased during the years ended December 31, 2023 and 2022.

Brands/Models:	Number of Automobiles Purchased During the Year Ended December 31, 2023	Percentages of Total Purchase During the Year Ended December 31, 2023	Number of Automobiles Purchased During the Year Ended December 31, 2022	Percentages of Total Purchase During the Year Ended December 31, 2022
Luxury Brands				
Mercedes Benz GLS450	156	60.5 %	153	43.0 %
Mercedes Benz S500	—	—	16	4.5 %
Mercedes Benz G63	1	0.4 %	4	1.1 %
Mercedes Benz G550	—	—	7	2.0 %
Mercedes Benz GLS600	12	4.6 %	1	0.3 %
BMW X7	—	—	28	7.9 %
Porsche Cayenne	—	—	15	4.2 %
Lexus LX600	58	22.5 %	83	23.3 %
Bentley	—	—	2	0.6 %
Land Rover Range Rover	10	3.9 %	10	2.8 %
Ram 1500 TRX	1	0.4 %	20	5.6 %
Toyota Sequoia	20	7.8 %	14	3.9 %
Subtotal	258	100 %	353	99.2 %
Mid- to High-End Brands				
Sprinter	—	—	3	0.8 %
Subtotal	—	—	3	0.8 %
Total	258	100 %	356	100 %

Services and Operational Flow

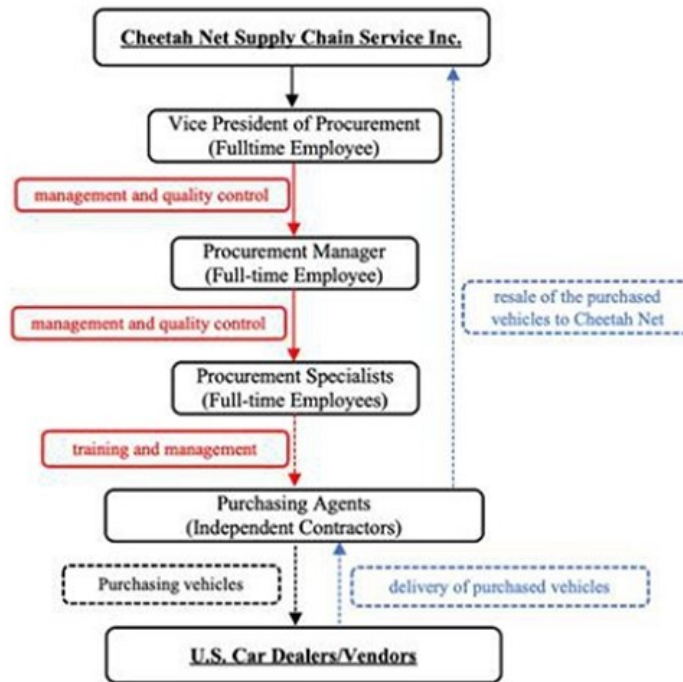
Procurement

We make procurement decisions based on our extensive experience and insight into the PRC parallel-import vehicle industry. In order to avoid overstocking or understocking inventory, we must forecast inventory needs and expenses through meticulous market analysis and weekly sales department meetings. Specifically, our management estimates, based on the data from the General Administration of Customs of China, that approximately 20,000 parallel-import cars have been exported annually from the U.S. to China in recent years, most of which are of low-end and mid-range brands. Our founding team understands the factors driving the growth of the luxury-car segment in China and the desires of the Chinese consumer. In addition, we have some close business partners in China who are parallel-import car traders or dealers, including some of our PRC customers and some third parties or potential customers. They provide us with timely information on the PRC market and often offer us more favorable terms of settlement. To develop our sales strategy and support our procurement department's purchasing plans, the sales department meets weekly with our procurement department to discuss the latest market needs and dynamics, including sales prices, brand composition, and inventory changes. Nonetheless, in the event that we overstock or understock our inventory, our business, financial condition, and results of operations may be adversely harmed.

We primarily procure automobiles through our team of professional purchasing agents, who serve as independent contractors, from U.S. automobile dealers that have the designated automobile model in stock. As of December 31, 2023 and 2022, we worked with approximately 389 and 342 professional purchasing agents, respectively. Mr. Walter Folker, who currently serves as our Vice President of Procurement, oversees a full-time procurement manager, who in turn supervise five full-time procurement specialists, as of December 31, 2023. Those full-time procurement specialists are responsible for training our purchasing agents and providing them with timely phone coaching and on-site support. Due to our standardized recruitment, training, and management of professional purchasing agents, we believe our efficient procurement management and organizational skills set us apart from other competitors in the industry. See “—Our Professional Purchasing Agents.” Our purchasing agents negotiate the best price for our designated automobile models using the knowledge and negotiating skills they received from our training. We decide which automobiles to purchase primarily based on the demand and selling price for specific automobile models in the PRC market and their availability in the U.S. market. We regularly issue

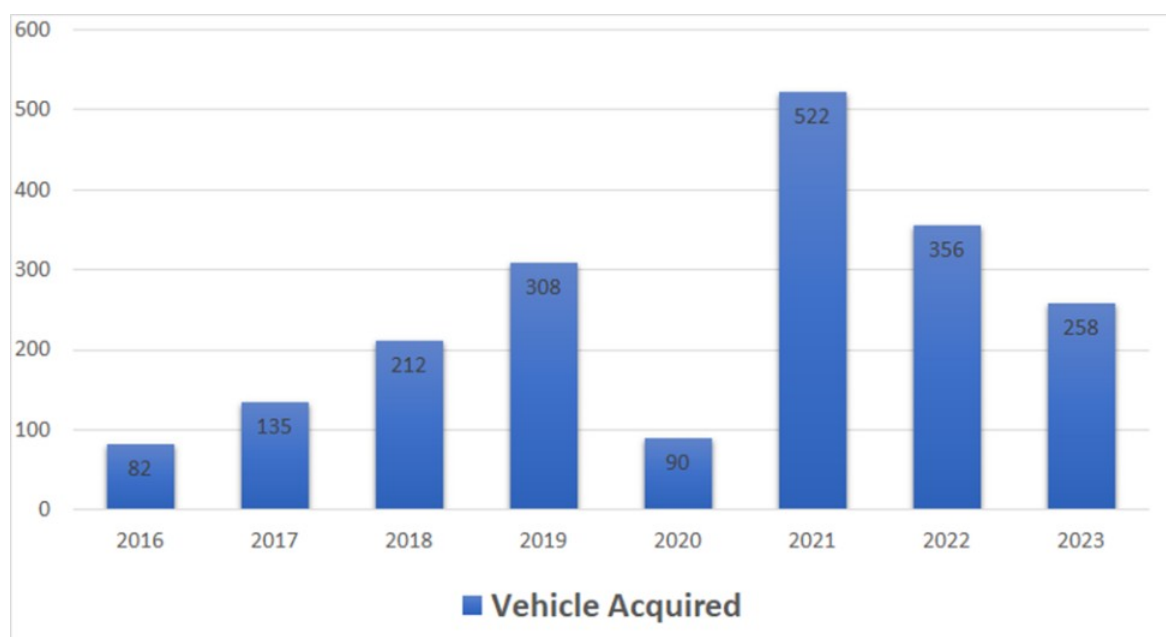
instructions about the brands and models of vehicles to be purchased, as well as the maximum acceptable prices and pick-up time limits. Professional purchasing agents can visit dealerships across the U.S. for quotes based on their schedules and convenience, and provide us with the price information they obtain. We then select the lowest prices for models in demand and assist those purchasing agents who provide such quotes in completing the purchases. Once the purchases are completed, the purchasing agents sell automobiles to our Company at their purchase prices and charge us a service fee per automobile based on the model of the vehicle and the discount they obtained from the automobile dealers. See “—Our Professional Purchasing Agents.” A purchasing agent usually pays the deposit to automobile dealers using a Company-issued credit and pays the remaining balance via bank cashier check from our Company’s bank account. The purchasing agents may occasionally advance funds to the automobile dealers, which will be reimbursed once they provide a receipt and other required documents. In addition, we will fund any other costs, fees, and taxes incurred by purchasing agents related to the purchase and transfer of automobiles. Once the purchasing agents receive the titles of the purchased automobiles from the Department of Motor Vehicles, they immediately sign the titles over to Cheetah Net. Automobiles purchased from U.S. automobile dealers are picked up by our purchasing agents and delivered to us at a designated warehouse or other agreed delivery location.

Below is a diagram showing the procurement process:



The following chart demonstrates the number of vehicles we acquired each year since 2016. We are able to support an annual purchase volume of 500 to 600 cars with our current team size and working capital reserves. In the future, if our client base expands, we may

adjust the brands of luxury cars we offer. This could result in more cars to be acquired, with a higher or lower average purchase price per vehicle than the current level. Nevertheless, we will primarily focus on vehicles with MSRPs between \$80,000 and \$130,000.



Note: Year 2020 was affected by the COVID-19 pandemic and China's Implementation of National VI Standards.

We actively monitor our automobile inventory as part of our inventory management process. It is our policy to keep our inventory levels as low as possible while maintaining reasonable levels. The balance of our inventory as of December 31, 2023 and 2022 accounted for approximately 15.4% and 41.2% of our total current assets, respectively. The automobiles are stored in the third-party warehouses until they are shipped to China or delivered to our U.S. customers.

Financing for Procurement

Our business requires a large amount of capital. To maintain our liquidity, we sometimes use the following financing instruments for procurement, including inventory financing, letter of credit financing ("LC financing"), and revolving line of credit:

- ***Inventory Financing:*** In order to improve our liquidity and retain more cash to buy new cars, we may borrow short-term loans from time to time secured by the vehicles we purchased (namely, our inventory) as collateral. We incur interest expense on such inventory financing, provided by funding companies, which are usually small lenders, generally at a rate of 1.35% to 1.80% per month. In most cases, we first look for inventory financing from a lender who understands our business and the luxury car market, and then negotiate the loan terms with them. Different lenders and funding companies charge different interest rates, fees, and repayment terms for inventory financing. Generally, we receive approximately 70% of the MSRP value of a car if we pledge it in a lender's warehouse and apply for financing. Interest expense is calculated based on the agreed interest rate and the actual number of days borrowed. We generally need to clear all loans prior to customs clearance to further deliver cars to our PRC customers. For the years ended December 31, 2023 and 2022, our interest expense accrued through inventory financing was approximately \$115,000 and \$750,000, respectively.
- ***LC Financing:*** To increase our liquidity, we finance our operations from time to time through short-term loans using letters of credit, typically received from our international customers in overseas sales of parallel-import vehicles, as collateral. Generally, we receive approximately 90% or more of the LC amount with a monthly interest rate of approximately 1.5%. For the years

ended December 31, 2023 and 2022, our interest expense accrued through LC financing was approximately \$930,000 and \$1,670,000, respectively.

- *Revolving Lines of Credit:* As part of our ongoing efforts to enhance liquidity, on October 5, 2022, we entered into revolving line of credit agreements with two financial support companies, as detailed in “Note 11—Revolving Line of Credit” in the notes to our consolidated financial statements. These agreements enable us to access up to \$15.0 million in total, with individual limits of \$10.0 million and \$5.0 million respectively, for a 12-month period at a fixed interest rate of 1.5% per month. The agreements were amended on December 12, 2022, to extend their maturity dates to April 2024. These revolving lines of credit provide us with a significant buffer to manage cash flow and meet procurement demands effectively. For the years ended December 31, 2023 and 2022, our interest expense accrued through revolving lines of credit was approximately \$160,000 and nil, respectively.

Sales and Services

We sell our automobile inventories to our U.S. customers (parallel-import vehicle exporters based in the U.S.) or PRC customers (Chinese parallel-import car dealers who purchase cars from us and import them into the PRC to resell them to other dealers or end consumers). A specific vehicle model’s pricing and profitability vary based on the market demand and supply for that model. We set our selling prices based on multiple factors, including the price of the same model sold by authorized dealers in China, normal commercial terms, market pricing adjustments, customer payment methods, operational efficiency of our Company, and anticipated workload for trading activities. The selling price is finalized as the MSRP plus service fees, which are determined upon comprehensive consideration of the overall market adjustments for vehicles as well as the customer’s payment method. For example, for the year ended December 31, 2023, the total selling price for customers using letters of credit as payment method ranged from 120% to 130% of the MSRP plus a market adjustment of up to \$25,000, while the total selling price for customers using telegraphic transfer (wire transfer) as the payment method was the MSRP plus an adjustment price ranging from \$4,000 to \$37,000 as determined on a case-by-case basis. During the years ended December 31, 2023 and 2022, the sales price of our vehicles ranged between \$77,499 and \$277,300.

The following table sets forth the breakdown of our sales revenue by brands and models during the years ended December 31, 2023 and 2022.

Brands/Models:	Sales Revenue During the Year Ended December 31, 2023	Revenue Share of Total Sales for the Year Ended December 31, 2023	Sales Revenue During the Year Ended December 31, 2022	Revenue Share of Total Sales for the Year Ended December 31, 2022
Luxury Brands				
Mercedes Benz GLS450	\$ 17,634,255	46.0 %	\$ 21,690,333	39.3 %
Mercedes Benz S500	\$ —	—	\$ 6,976,494	12.6 %
Mercedes Benz G63	\$ —	—	\$ 1,917,066	3.5 %
Mercedes Benz G550	\$ —	—	\$ 1,538,944	2.8 %
Mercedes Benz GLS600	\$ 2,877,516	7.5 %	\$ 273,603	0.5 %
BMW X7	\$ 480,210	1.2 %	\$ 6,426,881	11.6 %
Porsche Cayenne	\$ —	—	\$ 2,405,244	4.4 %
Bentley	\$ —	—	\$ 537,448	1.0 %
Lexus LX570	\$ —	—	\$ 318,503	0.6 %
Lexus LX 600	\$ 10,023,386	26.2 %	\$ 10,962,014	19.9 %
Land Rover Range Rover	\$ 2,359,979	6.2 %	\$ 800,931	1.4 %
Ram 1500 RTX	\$ 1,698,061	4.4 %	\$ 864,644	1.6 %
Toyota Sequoia	\$ 3,242,567	8.5 %	\$ 202,383	0.4 %
Subtotal	\$ 38,315,974	100 %	\$ 54,914,488	99.6 %
Mid- to High-End Brands				
Sprinter	\$ —	—	\$ 238,847	0.4 %
Subtotal	\$ —	—	\$ 238,847	0.4 %
Total	\$ 38,315,974	100 %	\$ 55,153,335	100 %

Typically, we enter into sales contracts with our PRC and U.S. customers. See “—Our Customers.” Our U.S. customers usually pay the full amount to us within two days before or after the automobile is delivered to the appointed warehouse. In most cases, our PRC customers make their payments one or two weeks after we arrange for a freight forwarding company to load the automobile and provide them with the ocean bill of lading and other related documents.

Fulfillment and U.S. Customs Clearance

For our domestic sales, we deliver the purchased vehicles to U.S. customers at their designated warehouses and provide the original copy of the title to them within the agreed timeframe. Our U.S. customers are responsible for export and cross-border transportation matters on their own after purchasing automobiles. In this case, we bear the risk of damage and loss before delivering the automobile to the warehouse designated by the U.S. customer.

For our PRC customers, it is our responsibility to arrange for the ocean freight forwarder to load the automobile to be shipped and provide them with the ocean bill of lading and related documents. As such, we bear the risk of damage and loss prior to arranging for the shipping of automobiles by third-party logistics service providers, but these risks pass to our PRC customers once the automobile is dispatched on board. Our PRC customers, namely, Chinese parallel-import car dealers, will be responsible for after-sale services for the end consumers of those parallel-import vehicles. Prior to shipping the automobiles, we generally require PRC customers to make the majority of the amount owed (typically the MSRP amount) upfront via a letter of credit, where the release of payment is contingent upon our submission of a bill of lading and other required documents to the issuing bank underlying the letter of credit for its review. Once we confirm receipt of the letter of credit, we will settle the loan (if any) and arrange for customs clearance and shipping by third-party logistics service providers. In the event that all customs clearance procedures have been completed with all forms filled out and accepted by U.S. Customs and Border Protection (“Customs”), we will ship the automobiles and provide the issuing bank with the bill of lading and related documents for its review. Upon completion of the review, the issuing bank releases payment to us, and the bill of lading and related documents to PRC customers, which are necessary to obtain the automobiles from the freight forwarder. We cooperate with third-party logistics service providers whose primary responsibility is to provide cross-border logistics services, typically by sea, for the delivery of our automobiles to our PRC customers.

Technology and Intellectual Property

The success of our business depends on our proprietary technologies. We have developed our Office Automation System (the “OA System”), an information technology system we use to track our order status and monitor our business workflow. The OA system facilitates the storage, exchange, and management of order data, thereby increasing our productivity and efficiency. Currently, the OA System has four main modules: Dashboard, Resume, Orders, and Pick-Up.

- *Dashboard.* The Dashboard module is designed for publishing company policies, operational guidelines, and vehicle specifications. Additionally, it can display the daily numbers of new orders so that employees can keep track of trends over time.
- *Resume.* The Human Resources Department of our Company selects resumes from job posting platforms and uploads them to the OA System with scores based on company resume scoring instructions. The scored resumes are assigned to our procurement specialists daily for the purpose of hiring talent purchasing agents on a continuous basis.
- *Orders.* Once the purchasing agents have placed orders with U.S. automobile dealers, our procurement specialist creates a new order in this module and uploads the required documents for back office review. The back office carefully reviews the information and documents and makes notes or comments when further information is needed. As soon as the back office collects and confirms all required information and documents, it will approve or cancel the order in accordance with our order review policy.
- *Pick-Up.* When an approved order is ready for pick-up, procurement specialists submit a Pick-Up Form and upload additional or updated information and documents under this module for final review by the back office. It is the responsibility of the back office to finalize the cost and specifications before approving the order and preparing for pick-up. After the vehicle has been successfully picked up, its relevant information is moved to the next module, Logistics, which is currently under construction.

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As of the date of this annual report, we have registered three domain names in the U.S., including (i) Cheetah-net.com, a domain name registered on August 17, 2022 and associated with the Cheetah Net website; (ii) Pacificconsultingusa.com, a domain name registered on January 7, 2019 and associated with the Pacific Consulting LLC website; and (iii) Allen-boy.com, a domain name registered on December 5, 2018 and currently not in use.

Employees

As of December 31, 2023, we had a total of 20 employees, 18 of whom worked as full-time employees, as set forth in the following table:

Function:	Number of total employees	Number of full-time employees
Procurement	6	6
Customer Services and Operations	5	4
Sales and Marketing	3	3
General and Administration	6	5
Total	20	18

Our employment contracts with full-time employees include a confidentiality clause.

In addition to our employees, we worked with 389 independent contractors as of December 31, 2023. These independent contractors serve as our professional purchasing agents, primarily responsible for visiting the U.S. automobile dealers and negotiating the best vehicle purchase price.

We believe that we maintain a good working relationship with our employees and our independent contractors, and we have not experienced material labor disputes in the past. None of our employees is represented by labor unions.

Competition

The automobile dealership industry in the U.S. is highly competitive and rapidly evolving, with many new companies constantly entering the market. We are committed to the niche market of selling automobiles to U.S. and PRC parallel-import vehicle dealers. We compete with other U.S. companies that sell parallel-import vehicles sourced in the U.S. to be sold in the PRC market. Our ability to compete effectively in the parallel-import vehicle dealership industry depends upon many factors, including our experience and in-depth insight into the industry, as well as the ability to provide vehicles in large quantities to Chinese parallel-import car dealers on a recurring basis. Generally, we do not have major competitors, because most of our competitors are small family businesses that obtain U.S. cars through their family members or friends in the U.S., and thus cannot guarantee recurring large supplies. With a large purchasing agent team responsible for our procurement, we have become a stable supplier for Chinese parallel-import car dealers. Accordingly, we believe we are well-positioned to effectively compete in the parallel-import vehicles dealership industry. It is possible, however, that some of our current or future competitors may have a greater brand recognition, or more financial, technical, or marketing resources. We may lose clients if we fail to compete successfully, which could adversely affect our financial performance and business prospects. We cannot guarantee that our strategies will remain competitive or successful in the future.

Governmental Regulations

Automotive Dealing and Other Laws and Regulations

We operate in the highly regulated automobile dealership and commercial lending industries. A number of U.S. federal, state, and local laws and regulations affect our business. Numerous laws and regulations govern our business, including those relating to our sales, operations, financing, insurance, advertising, transportation of vehicles, and employment practices. The regulatory bodies that regulate our business include the Consumer Financial Protection Bureau, the Federal Trade Commission, the United States Department of Transportation, the Occupational Safety and Health Administration, the Department of Justice, the Federal Communications Commission, various state dealer licensing authorities, various state consumer protection agencies, and various state financial regulatory agencies. We are subject to compliance audits of our operations by many of these authorities. For example, the Federal Trade

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Commission has jurisdiction to investigate and enforce our compliance with certain consumer protection laws and has brought enforcement actions against auto dealers relating to a broad range of practices, including the sale and financing of value-added or add-on products and the collection, storage and use of consumer personal information.

Currently, we have a dealer license in North Carolina under Allen-Boy, which allows us to sell vehicles nationwide and export them worldwide. As we expand to other states, we may be subject to applicable vehicle dealer licensing laws in those states. Some states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees, or maximum amounts financed. All domestic vehicle sale transactions and applicable retail installment financings are conducted under our dealer licenses. As we expand to other states, we may be required to obtain additional finance licenses or other licenses, and we may not be able to obtain such licenses within the time frame we expect or at all. We may also be subject to certain states' laws related to titling and registration and wholesale vehicle sales. These laws can vary from state to state. The applicability of these regulatory and legal compliance obligations to our business depends on evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them, and we may face regulatory action if regulators believe that we are not in compliance with such obligations. In addition to these laws and regulations that apply specifically to the sale and financing of vehicles, our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We may also be subject to laws and regulations involving taxes, tariffs, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, and information-reporting requirements, as well as privacy laws, anti-money laundering laws, and federal and state wage-hour, anti-discrimination, and other employment practices laws. For example, under the Immigration and Nationality Act, a foreign national is eligible for employment authorization in the U.S. only with an employment-related green card (permanent residency), an exchange visitor work and study visa, or a temporary (non-immigrant) worker visa, such as an H-1B visa. In particular, the H-1B visa is a nonimmigrant work visa that allows U.S. employers to hire foreign workers for specialty jobs that require a bachelor's degree or equivalent. H-1B status can be granted initially for up to three years, and can be extended for another three years. H-1B holders who reach that six-year maximum must leave the U.S. and remain outside for at least one year before being eligible for a new six years of H-1B. As of December 31, 2023, we had 18 full-time employees, including seven foreign employees who do not have permanent work permits in the U.S. and currently work under H-1B visas or student visas. We are also subject to laws and regulations affecting public companies, including securities laws and exchange listing rules.

Automobile Exportation Laws and Regulations

The exportation aspect of our business is subject to the U.S. Code of Federal Regulation's requirements for exportation under 19 CFR § 192.2 and the inspection of Customs. We may be required to present to Customs, at the port of exportation, both the vehicle and the documentation describing the vehicle, including the vehicle identification number (the "VIN") or the product identification number at least 72 hours prior to export for Customs to determine the authenticity of the documents. Specifically, for exportation of U.S.-titled vehicles, we are required to provide to Customs the vehicle's original certificate of title. If the vehicle to be exported is leased or has recorded liens in the U.S., separate writing from the third-party-in-interest is also required, which expressly provides that the vehicle may be exported and contains a complete description of the vehicle (including the VIN and the name and contact of the owner or lienholder) and the original signatures.

Regulations Affecting Financial Services

Our financial services are affected by laws and regulations that apply to commercial lending. This includes a range of laws, regulations, and standards that address information security, data protection, privacy, licensing, and interest rates, among other things.

Federal Lending Regulations

Several federal laws and regulations affect our lending operations. These laws include, among others, portions of the Dodd Frank Act, Anti-Money Laundering requirements (Bank Secrecy Act and USA PATRIOT Act), Equal Credit Opportunity Act, Fair Credit Reporting Act, Privacy Regulations (Right to Financial Privacy Act), Telephone Consumer Protection Act, and requirements relating to unfair, deceptive, or abusive acts or practices.

State Lending Regulations

- *Interest Rate Regulations.* Although the federal government does not regulate the maximum interest rates that may be charged on commercial loan transactions, some states have enacted commercial rate laws specifying the maximum legal interest rate at

which loans can be made in the state. We currently originate commercial loans and provide our financial services under the laws of the State of New York. New York Usury Law stipulates two maximum interest rates: 16% per year for civil usury and 25% per year for criminal usury. In other words, borrowers can sue to invalidate a loan or plead usury as a defense to a nonpayment action to loans charging rates above 16% per year. Additionally, lenders who charge interest over 25% per year may be subject to criminal liability. However, loans under \$2,500,000 to incorporated entities, such as corporations, limited liability companies, and the like, are typically exempt from the 16% civil usury cap, but are subject to the 25% criminal cap. Accordingly, loans made to those entities can include interest rates up to 25%. In addition, all loans, whether to business entities or to individuals, in a principal amount over \$2.5 million are exempt from both the criminal and the civil limits.

- *Licensing Requirements.* Our loans are governed by New York law. Under Article 9 of the New York Banking Law, a person or entity is required to obtain a license in order to engage in the business of making loans in the principal amount of \$50,000 or less for business and commercial loans with an interest rate of over 16% per year. As the business and commercial loans in our financial services do not have a principal of \$50,000 or less with an interest rate of over 16% per year, we are currently not required to obtain such a license. New York Commercial Finance Disclosure Law also requires commercial finance providers to give standardized consumer disclosures to borrowers in connection with financings in an amount less than or equal to \$2,500,000.

Item 1A. Risk Factors.

As a smaller reporting company, we are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We recognize the importance of cybersecurity in our operations. We face diverse cybersecurity threats, ranging from unauthorized individual access attempts to sophisticated disruptions targeting our business and customer data. Our operations involve collecting and storing customer information in cloud systems, such as Google Drive, and we rely on third-party providers, such as Google, whose systems may encounter interruptions and/or cybersecurity incidents.

Our business depends on the continuous functioning of our OA System, which tracks order status and monitors business workflows. The secure handling of information is crucial, particularly for tracking automobile orders. We have implemented various measures, such as access controls, data encryption, and vulnerability assessments, to prevent and mitigate cybersecurity risks and incidents. In particular, we have implemented a cybersecurity risk management program, in accordance with our risk profile and business size, which is designed to detect, identify, assess, and respond to current and emerging cybersecurity threats. We have developed a comprehensive, cross-functional approach to identifying, preventing, and mitigating cybersecurity threats and incidents, while also developing tools and processes that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner. Our cybersecurity risk management program is supported by third-party information technologies and vendors, including Squarespace and Google Workspace, which assist us with information technology system monitoring, detection, and response support services. We also leverage third-party information technology service providers to monitor and evaluate our cybersecurity posture through vulnerability scans, penetration tests, and cybersecurity risk reviews and assessments. We engage in the assessment and testing of our cybersecurity risk management program, policies, standards, processes, and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, assessments, vulnerability testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. We also have a process to review certain third-party information technology service providers and vendors, including through contractual requirements and proactive threat intelligence monitoring, as appropriate. However, cybersecurity incidents, if they occur, depending on their nature, could lead to the loss, destruction, or unavailability of critical and confidential data, impacting our operations and potentially harming our reputation. This could result in customer distrust, termination of partnerships, significant remediation costs, and legal liabilities.

As of the date of this annual report, we are not aware of any cybersecurity incidents, that have had a materially adverse effect on our operations, business, results of operations, or financial condition.

Governance

Our board of directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Nominating and Corporate Governance Committee (the “Committee”) oversight of cybersecurity and other information technology risks. The Committee receives reports from management on potential cybersecurity risks and threats. Our management plays a key role in assessing and managing our material risks from cybersecurity threats, with designated positions and committees equipped with the necessary expertise. The management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel and threat intelligence and other information obtained from governmental, public, or private sources.

Item 2. Properties.

Our principal executive offices are located at 6201 Fairview Road, Suite 225, Charlotte, North Carolina, where we lease office space from an independent third party, GT Real Estate USA, LLC, with an area of approximately 2,514 square feet, a lease term from December 1, 2020 to December 31, 2023 and a monthly rent of approximately \$6,354. On April 28, 2023, we entered into an amendment to our current lease, extending its term to February 28, 2027, with a monthly rent of approximately \$6,639. On July 25, 2023, GT Real Estate USA, LLC transferred all of its lease rights to two Delaware LLCs, WILVI 6201 SPE LLC and BILA 6201 SPE LLC. This office is used as our corporate headquarter for general business operations and administrative functions.

Allen-Boy, one of our subsidiaries, leases office space for business operations in Charlotte, North Carolina, from an independent third party, Sounder Properties Inc., with an area of approximately 225 square feet, a lease term from October 1, 2022 to September 30, 2023, and a monthly rent of \$465. In September 2023, we renewed the lease with a monthly rent of \$505, for a term commencing on October 1, 2023 and ending on September 30, 2024. This office is the address for our dealer license.

Pacific, one of our subsidiaries, leases an office in New York City, New York, from an independent third party, Executive Workspace LLC, with an area of approximately 1,692 square feet, a lease term from August 1, 2021 to September 30, 2023, and a monthly rent of approximately \$11,174. On September 26, 2023, we amended the lease to include an additional office space of approximately 1,591 square feet and extended its term to February 29, 2024. On February 2, 2024, we further renewed the lease, extending its term to May 31, 2024. This lease currently carries a monthly rent of \$9,944. This office is used to support business operations for employees based in New York.

Edward, which became one of our subsidiaries on February 2, 2024, had previously been in a collaborative partnership with us as providers for vehicle storage and logistics services throughout the year ended December 31, 2023. Following our acquisition of Edward in 2024, we assumed responsibility for a lease agreement for its warehousing facility located in Gardena, California, covering approximately 8,800 square feet. This lease agreement, now under our management, has been entered into with an independent third party, SCI Ventures, Inc. The current lease is set to expire on August 31, 2028, with a monthly rent of approximately \$13,500. The leased warehousing facility enhances our logistics capabilities and operational efficiency.

We believe that the offices and warehouses we currently lease are adequate to meet our needs for the foreseeable future.

Item 3. Legal Proceedings.

We are not currently involved in any material legal proceedings. From time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. We could be forced to incur material expenses with respect to these legal proceedings, and in the event that there is an outcome in any that is adverse to us, our financial position and prospects could be harmed.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Common Stock

Our Class A common stock trades under the symbol “CTNT” on the Nasdaq Capital Market.

Holders of Record

As of March 15, 2024, we had 10,938,329 shares of Class A common stock issued and outstanding held by seven stockholders of record, not including beneficial holders whose shares are held in names other than their own.

Dividend Policy

As of the date of this annual report, we have not paid any cash dividends on our Class A or Class B common stock. We are organized under the North Carolina Business Corporation Act, which prohibits the payment of a dividend if, after giving it effect, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved, to satisfy the preferential rights upon dissolution of any preferred stockholders. Our board of directors may decide to pay dividends in the future. Any determination by our board of directors to pay dividends in the future to stockholders will be dependent upon our operational results, financial condition, capital requirements, business projections, general business conditions, statutory and regulatory restrictions, and any other factors deemed appropriate by our board of directors.

Equity Compensation Plans

For information on securities authorized for issuance under our existing equity compensation plan, see Item 12 under the heading “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

Recent Sales of Unregistered Securities

Other than previously disclosed in our quarterly reports on Form 10-Q or current reports on Form 8-K, during the period covered by this annual report, we issued the following securities which were not registered under the Securities Act. We believe that each of the following issuance was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

<u>Securities/Purchaser</u>	<u>Date of Issuance</u>	<u>Number of Securities</u>	<u>Consideration</u>
Class A Common Stock			
Rapid Proceed Limited	July 12, 2022	1,000,000	\$ 1,800,000
Yan Bai	July 12, 2022	666,000	\$ 1,198,800

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form S-1, as amended (File Number 333-271185) for our initial public offering (“IPO”), which was declared effective by the SEC on July 31, 2023. In August 2023, we completed our IPO, in which we issued and sold an aggregate of 1,250,000 shares of Class A common stock, at a price of \$4.00 per share for \$5,000,000. Maxim Group LLC was the representative of the underwriters of our IPO.

We incurred approximately \$870,000 in expenses in connection with our IPO, which included approximately \$350,000 in underwriting discounts, approximately \$100,000 in expenses paid to or for underwriters, and approximately \$320,000 in other expenses. None of the transaction expenses included payments to directors or officers of our Company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from the IPO were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

The net proceeds raised from the IPO were \$4,230,000 after deducting underwriting discounts and the offering expenses payable by us. As of the date of this annual report, we have used approximately \$3,530,000 for working capital and other general corporate purposes in support of our current business. We intend to use the remaining proceeds from our IPO in the manner disclosed in our registration statement on Form S-1, as amended (File Number 333-271185).

Recent Purchases of Equity Securities

None.

Item 6. [Reserved].

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes appearing elsewhere in this annual report. Some of the information contained in this discussion and analysis or set forth elsewhere in this annual report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Business Overview and Recent Developing Trends

We are a supplier of parallel-import vehicles sourced in the U.S. to be sold in the PRC market. We purchase automobiles, primarily luxury brands such as Mercedes, Lexus, Range Rover, RAM and Toyota, from authorized dealers in the U.S. market and resell them to our customers, including both U.S. and PRC based parallel-import car dealers. We derive profits primarily from the price difference between our buying and selling prices for parallel-import vehicles. Our expertise lies in our ability to identify the type of parallel-import vehicles that are in high demand and to procure them in a timely manner.

The primary driver for our industry is the continuing growth of high-net-worth individuals in the PRC. We are focusing our attention on the most popular of the luxury vehicles that provide us with the best profit opportunity. We provide or utilize third parties in the U.S. to provide logistics and warehousing services and to truck transport our vehicles from an authorized dealer in the U.S. to the ultimate point of sale.

Beginning in the second half of 2023, the market for new luxury vehicles in the PRC has been negatively impacted by weak economic conditions and a shift in consumer demand towards EVs, mainly those produced domestically by PRC manufacturers. Luxury import brand manufacturers have responded to these threats by discounting the sale price of their vehicles, which has resulted in a significant challenge to our ability to generate a profit from the sale of parallel import vehicles generally. Consistent with our strategy to focus only on profitable parallel-import vehicle transactions, our unit sales during the fourth quarter of 2023 fell to 49 vehicles, a 36.4% decrease from the fourth quarter of 2022 and a 38.0% drop from unit sales in the third quarter of 2023, which resulted in our recognition of a net loss during the fourth quarter of 2023. This market dynamic has continued into 2024 and we are unable at this time to predict the point at which the market for luxury vehicles will firm and the positive spread between the price of vehicles sourced from brand manufacturers’ official distribution systems compared with those sourced via the parallel-import market will return.

We are responding to the current softness in luxury vehicle sales in China by reducing our operating costs, maintaining a very low level of inventory, and using our cashflow to strengthen our logistics and warehouse capabilities as well as cover overhead. We have significant flexibility to reduce expenses due to our scalable operations; for example, our procurement agents are paid on a commission basis only so these agents are paid only to the extent they purchase vehicles on our behalf. We are proceeding with our plans to integrate the acquisition of Edward and to acquire additional U.S.-based logistics and warehousing service providers to reduce our reliance on the purchase and sale of luxury vehicles and augment our core operations with service revenue, which we believe will provide the opportunity to generate revenue by selling these services to third-party parallel importers as well as to importers of other goods. We believe we can overlay these services with the financial services plans we launched in October 2022 for inventory financing (see “Item 1. Business—Overview—Recent Development” for more details), such that we can essentially become a one-stop shop for small- and medium-sized traders within the global supply chain sector.

Key Factors Affecting our Results of Operations

We believe the following key factors may affect our financial condition and results of operations:

- *Changes in consumer demand and consumption power in the PRC market.* We primarily generate revenue from the sale of vehicles to parallel-import vehicle dealers in China, directly or through U.S. based exporters. We currently focus on luxury brands and gasoline-powered vehicles. Our industry is primarily driven by the increased number of wealthy consumers in the PRC market. If the consumption and purchasing power of Chinese customers declines, or if they are less inclined to purchase large, expensive vehicles, such as sport utility vehicles or luxury automobiles, and more inclined to purchase smaller, less expensive, and more fuel-efficient vehicles, our business and results of operations could be adversely affected.
- *Fluctuations in the average selling price per vehicle and the number of vehicles available for sale caused by competition.* The parallel-import vehicle dealership industry in the U.S. is relatively competitive and rapidly evolving, with many new companies joining the competition in recent years. We compete directly with other U.S. companies that sell parallel-import vehicles to the PRC, although most of our competitors are small family businesses that obtain U.S. cars through their family members or friends in the U.S. It is expected that competition will intensify in the future, and the increased competition may lead to price reductions for vehicle sales, which may result in reduced margins and a loss of market share. We purchase our inventory of vehicles from U.S. automobile dealers via third-party professional purchasing agents, and each of them can purchase a limited number of vehicles before being placed on the “exporters list.” If these purchasing agents are unable or unwilling to continue in their present positions, or if we fail to recruit new purchasing agents or maintain a sufficient number of purchasing agents to meet our purchasing demand, our business may be severely disrupted. If our procurement capabilities are impacted and we are unable to purchase popular vehicle models at reasonable procurement costs, our business and results of operations could be adversely affected. We may lose customers if we cannot successfully compete, which could adversely affect our financial performance and business prospects.
- *Our ability to expand markets.* During the year ended December 31, 2023, our three largest customers accounted for 53.2%, 25.5%, and 20.2% of our total revenue, respectively. For the year ended December 31, 2022, our three largest customers accounted for approximately 65% of our total revenue, while for the year ended December 31, 2021, our four largest customers accounted for 81.9% of our total revenue. While we have a strong record of performance, we cannot guarantee that we will continue to maintain our business relationships with these major customers at the same level, or at all. In the event that a significant customer terminates its relationship with us, we cannot assure that we will be able to secure an alternative arrangement with another comparable customer in a timely manner, or at all. Losing one or more of these major customers could adversely affect our revenue and profitability.
- *China’s industrial Policies.* Changes in consumer demand in the PRC market for fuel-efficient vehicles and electric vehicles could adversely affect our vehicle sales volumes and results of operations. Furthermore, government policies on the purchase and ownership of automobiles in the PRC, as well as stricter emission standards, may reduce the market demand for the automobiles we sell and thus negatively affect our business and growth prospects.
- *Macroeconomic conditions.* We facilitate the import of automobiles of foreign brands into the PRC market as parallel-import vehicles, and any adverse change in political relations between the PRC and the U.S. or any other country where those brands originate, including the ongoing trade conflicts between the U.S. and the PRC, may negatively affect our business. We are currently operating in a period of economic uncertainty and capital market disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflicts between Russia and Ukraine and in the Middle East. Our business, financial condition, and results of operations could be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine, the Middle East, or any other geopolitical tensions.

Results of Operations

Major Components of Results of Operations

The automobile models we purchase and sell are among the most popular vehicles in the market, which we believe provide lucrative profit opportunities. Our selection of customers and the models we plan to purchase are based on our efforts to maximize the overall profitability of each vehicle sale. We will continue to apply this guiding principle in developing and refining our procurement and sales

strategies. As such, we consider market conditions, capital costs, and other factors when determining the models and categories we purchase and the prices at which we sell them. While the brands, models, and their price ranges at which we sell may be adjusted, we intend to maintain the highest gross profit opportunities to improve the overall efficiency of our capital and maximize our earnings potential.

Revenue

We generate revenue by selling vehicles to U.S. parallel-import vehicle exporters and PRC parallel-import vehicle dealers. A specific vehicle model's pricing and profitability vary based on the market demand and supply for that model. We set our selling prices based on multiple factors, including the price of the same model sold by authorized dealers in China, the normal commercial terms, customer payment methods, and anticipated workload for trading activities. The selling price is finalized as the MSRP plus adjustments, which are determined upon comprehensive consideration of the overall market conditions for vehicles as well as the customer's payment method. In addition to those specific factors that impact the parallel-import vehicle market, our revenue may be impacted by global economic factors including the U.S. dollar/RMB exchange rate, overall financial and economic conditions in the PRC, and any significant change in relevant import or export regulations.

	2023			2022		
	No. of Cars Sold	Ave. Selling Price	Total Revenue	No. of Cars Sold	Ave. Selling Price	Total Revenue
Q1	82	\$ 124,566	\$ 10,214,442	121	\$ 105,934	\$ 12,818,071
Q2	93	131,430	12,223,026	175	118,794	20,788,964
Q3	79	127,066	10,038,246	90	132,351	11,911,614
Q4	49	119,189	5,840,260	77	125,126	9,634,686
Total	303	\$ 126,455	\$ 38,315,974	463	\$ 119,122	\$ 55,153,335

Our revenue decreased by \$16.8 million, or 30.5%, from \$55.2 million in 2022 to \$38.4 million in 2023. Despite a year-over-year revenue decline in 2023, our average selling price per vehicle increased from 2022. The initial rise was due to our shift towards models with higher profit margins. Starting from the third quarter of 2023, we began adjusting our average selling prices downward in response to short-term market volatility, which continued during the fourth quarter with the onset of price inversion in the Chinese market. These adjustments affected our fourth quarter sales, which resulted in a 39.4% drop in revenue from the same quarter in 2022.

Cost of Revenue

Our cost of revenue mainly comprises (i) the purchase cost of vehicles including dealership service fees and non-refundable taxes incurred during procurement, and (ii) fulfillment expenses, mainly including (a) compensation and bonuses for staff in the purchasing department, (b) commission paid to purchasing agents, (c) transportation and storage costs for vehicles, and (d) consulting fees paid to dealer experts to assist us in making the best purchase decisions. Allowance for slow-moving inventories is also included in the cost of revenue when our cost of inventory is higher than net realizable value.

Our cost of revenue decreased by \$16.6 million, or 32.8%, from \$50.7 million in 2022 to \$34.1 million in 2023, primarily as a result of our decline in sales.

Interest Expense, Net

To improve our cash flow and expand our business, we obtain loans from finance companies through (i) inventory financing by keeping inventories not intended for immediate sale as collateral, (ii) LC financing by using letters of credit received from our international customers in overseas sales of parallel-import vehicles as collateral, and (iii) accessing revolving lines of credit to further support our operations and strategic initiatives. Accrued interest is recorded as interest expense. As of the date of this annual report, our LC financing annual interest rate is 18.0%, and our revolving line of credit interest rate is 18.0%.

Risks and Uncertainties

Our operations are in the U.S. and our primary market is in the PRC. Accordingly, our business, financial condition, and results of operations may be influenced by political, economic, and legal environments in the U.S. and the PRC, as well as by the general state of

the U.S. and the PRC economies. Our results may be adversely affected by changes in the political, regulatory, and social conditions in the U.S. and the PRC.

Risks and uncertainties related to our business include, but are not limited to, the following:

- changes in consumer demand in the Chinese market towards fuel-efficient vehicles and electric vehicles could adversely affect our vehicle sales volumes and results of operations;
- the PRC government policies on the purchase and ownership of automobiles and stricter emissions standards may reduce the market demand for the automobiles we sell and thus negatively affect our business and growth prospects;
- any adverse change in political relations between the PRC and the U.S. or any other country where those brands originate, including the ongoing trade conflicts between the U.S. and the PRC, may negatively affect our business;
- the ongoing military conflicts between Russia and Ukraine and between Israel and Hamas could materially and adversely affect the global economy and capital markets, including significant volatility in commodity prices, especially energy prices, credit and capital markets, as well as supply chain interruptions; and
- the inflation in the economy may result in higher interest rates and capital costs, shipping costs, supply shortages, and increased costs of labor, and may adversely affect our liquidity, business, financial condition, and results of operations, particularly if we are unable to achieve commensurate increases in the prices we charge our customers.

Our business, financial condition, and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics, and other catastrophic incidents, which could significantly disrupt our operations.

Our operations in 2022 were affected by the COVID-19 pandemic. First, the COVID-19 pandemic restricted our purchasing agents in the U.S. from freely purchasing designated automobiles at U.S. automobile dealerships, either because of the short supply of vehicles or because of store closings or limited opening hours due to the COVID-19 pandemic. Second, the COVID-19 pandemic adversely affected the market demand for our products. Due to the implementation of significant governmental measures in the PRC, including lockdowns, closures, quarantines, and travel bans, intended to control the spread of the virus, parallel-import vehicle consumers were less willing to spend, and their purchasing power declined. Consequently, the market demand for luxury cars, which make up the vast majority of our inventory, has decreased dramatically. As of the date of this annual report, the spread of COVID-19 has been under control, and during the year ended December 31, 2023, the COVID-19 pandemic did not have a material impact on our financial positions and operating results.

Comparison of Results of Operations for the Years Ended December 31, 2023 and 2022

	For the Years ended December 31,				Change	
	2023		2022		Amount	%
	USD	%	USD	%		
Revenue	\$ 38,315,974	100.0 %	\$ 55,153,335	100.0 %	\$ (16,837,361)	(30.5)%
Cost of Revenue						
Cost of vehicles	32,183,676	84.1 %	48,534,282	88.0 %	(16,350,606)	(33.7)%
Fulfillment expenses	1,885,382	4.9 %	2,149,672	3.9 %	(264,290)	(12.3)%
Total cost of revenue	34,069,058	89.0 %	50,683,954	91.9 %	(16,614,896)	(32.8)%
Gross Profit	4,246,916	11.1 %	4,469,381	8.1 %	(222,465)	(5.0)%
Selling expenses	668,721	1.7 %	898,852	1.6 %	(230,680)	(25.7)%
General and administrative expenses	2,190,513	5.7 %	1,430,917	2.6 %	759,596	53.1 %
Total operating expenses	2,858,685	7.4 %	2,329,769	4.2 %	528,916	22.7 %
Income from Operations	1,388,231	3.6 %	2,139,612	3.9 %	(751,381)	(35.1)%
Other Income (Expenses)						
Interest expenses, net	(1,239,297)	(3.2)%	(2,441,443)	(4.4)%	1,202,146	(49.2)%
Other income, net	31,593	0.1 %	12,974	— %	18,619	143.5 %
Subsidy income from Business Recovery Grant Program	—	— %	1,340,316	2.4 %	(1,340,316)	(100.0)%
Total other expenses, net	(1,207,704)	(3.1)%	(1,088,153)	(4.4)%	(119,551)	11.0 %
Income before Provision for Income Tax	180,527	0.5 %	1,051,459	(0.5)%	(187,822)	(82.8)%
Provision for Income Taxes	46,657	0.1 %	234,479	0.4 %	(187,822)	(80.1)%
Net Income	\$ 133,870	0.4 %	\$ 816,980	(0.9)%	\$ (683,110)	(83.6)%

Revenue

	Years Ended December 31,		Amount	%
	2023	2022		
Total	\$ 38,315,974	\$ 55,153,335	\$ (16,837,361)	(30.5)%

During the year ended December 31, 2023, our financial performance reflected the consequences of our strategic decisions and external market forces. Our revenue experienced a substantial decline compared to the previous year. Revenue from our operations decreased by \$16.8 million, or 30.5%, from approximately \$55.2 million in 2022 to \$38.4 million in 2023. This decline can be primarily attributed to an intentional pause in vehicle procurement in the fourth quarter of 2023, prompted by price inversion in the Chinese market, as well as a change in our procurement pricing strategy as detailed in our most recent quarterly report. The impact of these factors was particularly pronounced in the fourth quarter of 2023, during which period revenue was \$5.8 million, a decrease of 39.4%, or \$3.8 million, from the \$9.6 million reported in the fourth quarter of the previous year.

	Year Ended December 31, 2023			Year Ended December 31, 2022			Average Selling Price Changes	
	No.	Sales Amount	Ave Selling Price	No.	Sales Amount	Ave Selling Price	Amount	%
Bentley	—	\$ —	\$ —	2	\$ 537,448	\$ 268,724	\$ —	— %
BMW X7	5	480,210	96,042	72	6,426,881	89,262	6,780	7.6 %
Porsche Cayenne	—	—	—	26	2,405,244	92,509	—	— %
Mercedes G550	—	—	—	8	1,538,944	192,368	—	— %
Mercedes G63	—	—	—	8	1,917,066	239,633	—	— %
Mercedes GLS 450	157	17,634,255	112,320	204	21,690,333	106,325	5,995	5.6 %
Mercedes Benz GLS600	12	2,877,516	239,793	1	273,603	273,603	(33,810)	(12.4)%
Mercedes Benz S500	—	—	—	51	6,976,494	136,794	—	— %
RAM Trucks	14	1,698,061	121,290	7	864,644	123,521	(2,230)	(1.8)%
Land Rover Range Rover	15	2,359,979	157,332	5	800,931	160,186	(2,854)	(1.8)%
Toyota Sequoia	32	3,242,567	101,330	2	202,383	101,192	139	0.1 %
Mercedes-Benz Sprinter	—	—	—	3	238,847	79,616	—	— %
LEXUS LX570	—	—	—	3	318,503	106,168	—	— %
LEXUS LX600	68	10,023,386	147,403	71	10,962,014	154,395	(6,992)	(4.5)%
Total	303	\$ 38,315,974	\$ 126,455	463	\$ 55,153,335	\$ 119,122	\$ 7,334	6.2 %

- (i) In 2023, we sold 303 vehicles, a 34.6% decrease from 463 in 2022. The decline was primarily due to market volatility in China, particularly price fluctuations, resulting in a halt in vehicle procurement in the fourth quarter. During this period, 49 vehicles were sold compared to 77 in 2022, representing a 36.4% decrease.
- (ii) During the year ended December 31, 2023, we strategically restructured our product portfolio by discontinuing the sale of select luxury car models, such as the Porsche Cayenne, Mercedes G550, and MB S500. This decision was driven by our objective to better align with market demand, streamline resource allocation toward higher-demand models, and improve our inventory cost management.
- (iii) Our average selling price per vehicle for the years ended December 31, 2023 and 2022 was \$126,455 and \$119,122 respectively, representing an increase of \$7,334, or 6.2 %, per vehicle. This increase demonstrates our ability to adjust pricing strategies effectively and underscores the positive impact of our portfolio restructuring on our revenue profile. However, this increase was contrasted with a decrease in the volume of vehicles sold, as a result of the strategic pause in procurement in response to the price inversion in the Chinese market, which led to an overall decline in revenue.

	Years Ended December 31,		Amount	%
	2023	2022		
Revenue:				
U.S. domestic market	\$ 8,160,395	\$ 3,821,261	\$ 4,339,134	113.6 %
Overseas market	30,155,579	51,332,074	(21,176,495)	(41.3)%
Total	\$ 38,315,974	\$ 55,153,335	\$ (16,837,361)	(30.5)%

- (iv) Sales to U.S. market dealers/exporters in 2023 amounted to 73 vehicles, representing 24.1% of total unit sales and 21.3% of total revenue during the year, compared with 29 vehicles sold in 2022 amounting to 6.3% of total unit sales and 6.9% of total revenue in 2022. Sales to overseas markets in 2023, primarily the PRC market, amounted to 230 vehicles, representing 75.9%

of total unit sales and 78.7% of total revenue during the year, compared with 434 vehicles in 2022, representing 93.7% of total unit sales and 93.1% of total revenue.

The size of our procurement group enables us to purchase a large number of vehicles within a short period of time; therefore, many of our U.S.-based peers turn to us for vehicle purchasing. Our cooperation with selected U.S. counterparts generally improves our cash flow without compromising our ability to deliver vehicles to our PRC clients. Recent developments, including the price inversion in the Chinese market, have reinforced the effectiveness of this approach.

Cost of Revenue

	<u>Years Ended December 31,</u>		<u>Amount</u>	<u>%</u>
	<u>2023</u>	<u>2022</u>		
Cost of Revenue				
Cost of vehicles	\$ 32,183,676	\$ 48,534,282	\$ (16,350,606)	(33.7)%
Fulfillment expenses	1,885,382	2,149,672	(264,290)	(12.3)%
Total cost of revenue	<u>\$ 34,069,058</u>	<u>\$ 50,683,954</u>	<u>\$ (16,614,896)</u>	<u>(32.8)%</u>

Our total cost of revenue decreased by \$16.6 million, or 32.8%, from \$50.7 million in 2022 to \$34.1 million in 2023. For the years ended December 31, 2023 and 2022, our total cost as a percentage of our total revenue was 88.9% and 91.9%, respectively. Our total cost of revenue decreased in line with the reduced revenue, indicating effective cost control measures. The procurement strategy shift, initiated earlier in 2023, was a significant factor in this decrease, allowing us to manage costs more effectively despite external market pressures.

Cost of Vehicles

Total cost of vehicles sold decreased by \$16.3 million, or 33.7%, from \$48.5 million in 2022 to \$32.2 million in 2023. For the years ended December 31, 2023 and 2022, we sold 303 and 463 vehicles, respectively. The average purchase price per vehicle increased from \$104,826 in 2022 to \$106,217 in 2023. This increase was primarily driven by the increased MSRP of the vehicles we acquired.

The cost of vehicles sold was approximately 84.0% and 88.0% of revenue for the years ended December 31, 2023, and 2022, respectively. This favorable change is primarily attributed to the altered composition of our sales between the U.S. domestic and overseas markets. During this period, we experienced a strategic shift with an increased percentage of sales occurring domestically. Given the lower transportation costs associated with U.S. domestic sales compared to the expenses incurred for overseas delivery, our cost of revenue as a percentage of total revenue improved.

Fulfillment Expenses

	Years Ended December 31,			
	2023	2022	Amount	%
Fulfillment Expenses				
Payroll and benefits	\$ 1,094,296	\$ 1,300,581	\$ (206,286)	(15.9)%
Buyer commission	289,153	308,948	(19,795)	(6.4)%
Vehicle storage and towing	298,265	354,683	(56,418)	(15.9)%
Vehicle insurance expenses	96,024	88,982	7,041	7.9 %
Consulting Fees	75,299	73,619	1,680	2.3 %
Others	32,346	22,860	9,486	41.5 %
Total fulfillment expenses	<u>\$ 1,885,382</u>	<u>\$ 2,149,672</u>	<u>\$ (264,290)</u>	<u>(12.3)%</u>

Fulfillment expenses decreased by approximately \$0.3 million, or 12.3%, from \$2.1 million in 2022, to \$1.9 million in 2023. The decrease was mainly attributable to the cost reductions in payroll and benefits as well as the improved management of vehicle storage and towing costs. The decrease was partially offset by an increase in vehicle insurance and other miscellaneous expenses. In 2023, we made a shift in our procurement strategy by transporting a majority of our vehicles to the West Coast. While this decision resulted in an increase in procurement costs, it was offset by a decrease in selling expenses. The new strategy also streamlines shipping time and expedites receipt of payment through letters of credit, since it takes approximately 14 to 21 days to deliver a purchased vehicle to a customer overseas through the West Coast ports (compared with 40 to 60 days if through the East Coast ones), resulting in significantly shorter payment cycles.

Gross Profit

As a result of the foregoing, our gross profit decreased by \$0.2 million, or 5.0%, from \$4.5 million in 2022 to \$4.3 million in 2023. As of percentage of revenue, the gross margin increased 3%, from 8.1% in 2022 to 11.1% in 2023. This positive shift is primarily attributable to our strategic adjustments within our product portfolio. These adjustments, which centered on optimizing the inventory mix towards products with more favorable margins, played a pivotal role in cushioning the revenue downtrend and improving our gross margin ratio.

Operating Expenses

Selling Expenses

	Years Ended December 31,			
	2023	2022	Amount	%
Selling Expenses				
Payroll and benefits	\$ 145,764	\$ 180,212	\$ (34,450)	(19.1)%
Ocean freight	498,022	710,265	(212,244)	(29.9)%
Others	24,387	8,375	16,011	191.2 %
Total selling expenses	<u>\$ 668,172</u>	<u>\$ 898,852</u>	<u>\$ (230,680)</u>	<u>(25.7)%</u>

In 2023, our total selling expenses decreased by 25.7% to \$0.7 million, representing 1.7% of our revenue, a slight increase from 1.6% in 2022. This change is due to a 29.9% reduction in ocean freight expenses and 19.1% decrease in payroll and benefits, despite a 191.2% increase in other expenses. The decrease in selling expenses can be attributed primarily to a reduction in the number of vehicles sold during the fourth quarter.

General and Administrative Expenses

	<u>Years Ended December 31,</u>			
	<u>2023</u>	<u>2022</u>	<u>Amount</u>	<u>%</u>
General and Administrative Expenses				
Payroll and benefits	\$ 692,729	\$ 418,420	\$ 274,307	65.6 %
Rental and leases	268,801	218,305	50,495	23.1 %
Travel & entertainment	65,533	32,846	32,687	99.5 %
Legal & accounting fees	764,375	544,863	219,512	40.3 %
Recruiting fees	10,367	30,258	(19,890)	(65.7)%
Bank charges and fees	50,844	47,915	2,929	6.1 %
Insurance expenses	155,787	15,130	140,658	929.7 %
Others	182,076	123,180	58,896	47.8 %
Total general and administrative expenses	<u>\$ 2,190,513</u>	<u>\$ 1,430,917</u>	<u>\$ 759,596</u>	<u>53.1 %</u>

General and administrative expenses increased by \$0.8 million, or 53.1%, to \$2.2 million in 2023 from \$1.4 million in 2022, primarily due to (i) an increase in personnel-related expenses by approximately \$0.3 million, or 65.6%, as a result of the recruitment of additional employees in 2023, (ii) the leasing of an additional office workplace in New York, resulting in increased rental and lease expenses, (iii) an increase in legal and accounting expenses, and (iv) an increase in insurance expenses due to higher costs associated with directors and officers insurance.

Other Income (Expenses)

Interest Expenses, net

	<u>Years Ended December 31,</u>			
	<u>2023</u>	<u>2022</u>	<u>Amount</u>	<u>%</u>
Inventory financing	\$ 112,769	\$ 747,298	\$ (634,529)	(84.9)%
Letter of credit financing	925,426	1,669,931	(744,506)	(44.6)%
Dealers finance charges	3,975	2,332	1,643	70.5 %
Other loan interest	31,197	18,641	12,556	67.4 %
Line of credit interest	155,245	—	155,245	100.0 %
Credit card interest	4,712	3,242	1,470	45.3 %
Premium finance interest	5,974	—	5,974	100.0 %
Total	<u>\$ 1,239,297</u>	<u>\$ 2,441,443</u>	<u>\$ (1,202,146)</u>	<u>(49.2)%</u>

Interest expenses decreased significantly by approximately \$1.2 million, or 49.2%, to \$1.2 million for the year ended December 31, 2023, from \$2.4 million for the year ended December 31, 2022, primarily due to (i) the significant drop in inventory financing activities and reduced LC financing activities and (ii) the completion of our IPO in the third quarter of 2023, which marked a significant financial milestone and resulted in a substantial capital infusion. This financial event has played a key role in reducing our reliance on external financing and, subsequently, in the reduction of interest expenses.

In order to improve our liquidity and retain more cash to acquire new cars, we may enter into short-term loans from time to time, pledging our inventory as collateral before the vehicles are delivered to our customers. We incur interest expenses on such inventory financing, provided mainly by small lenders, generally at a rate of 1.35% to 1.80% per month. In 2023, the total weighted average balance of funds we obtained through inventory financing was \$0.6 million, the interest expenses incurred was \$0.1 million, and the weighted average annual interest rate was 17.6%. In 2022, the total weighted average balance of funds we obtained through inventory financing was \$4.5 million, the interest expense incurred was \$0.7 million, and the weighted average annual interest rate was 16.6%. As we continue to develop our third-party financial services, which are provided in the form of financing for inventory purchase, we intend to minimize our own inventory financing obtained from other parties.

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We may also finance our operations from time to time through short-term loans using letters of credit, typically received from our international customers in overseas sales of parallel-import vehicles as collateral. Generally, we borrow approximately 90% or more of the letter of credit amount with a monthly interest rate of approximately 1.5%. In 2023, the total weighted average balance of funds we obtained through LC financing decreased to \$4.7 million, the interest expenses incurred was \$0.9 million, and the weighted average annual interest rate was 19.5%. In 2022, the total weighted average balance of funds we obtained through LC financing was \$9.0 million, the interest expenses incurred was \$1.7 million, and the weighted average annual interest rate was 18.5%. The decrease in total weighted average balance of funds through LC financing and the related interest expenses incurred in 2023 reflected a lower volume of vehicles shipped and greater use of our revolving lines of credit.

As of December 31, 2023, the total weighted average balance of funds we obtained through revolving lines of credit was \$0.9 million, the interest expenses incurred were \$0.2 million for year ended December 31, 2023, and the weighted average annual interest rate was 18.0%.

Provision for Income Taxes

Our provision for income taxes, which consists of U.S. federal and state income taxes, amounted to approximately \$50,000 and \$0.2 million in 2023 and 2022, respectively.

Liquidity and Capital Resources

Cash Flows and Working Capital

We assess our liquidity in terms of our ability to generate adequate amounts of cash to meet current and future needs. We have relied primarily upon cash provided by operations and financing activities, including as necessary third-party loans and financial support from our founders.

As reflected in the accompanying consolidated financial statements, we reported net income of approximately \$135,000 for the year ended December 31, 2023. We also reported cash provided by operating activities of \$5.6 million for the year ended December 31, 2023, a positive working capital of \$7.5 million and total stockholders' equity of \$6.9 million.

In December 2023, we further advanced our financial services strategy, initially launched in October 2022, with a focus on providing inventory financing services. This strategic progression was marked by the introduction of vehicle pledge loans, primarily aimed at parallel-import car dealers. We provided \$0.7 million in loans to third parties in the fourth quarter of 2023, all of which was outstanding as of December 31, 2023. See "Note 4—Loans Receivable" in the notes to our consolidated financial statements for more details.

In August 2023, we completed our IPO of 1.25 million shares of Class A common stock and raised net proceeds of approximately \$3.7 million after expenses. We commenced using our revolving lines of credit during the second quarter of 2023, which has reduced our borrowings under our inventory and LC financing and reduce our interest expenses.

We entered into a series of loan agreements with third-party companies for working capital purposes during the year ended December 31, 2023. Pursuant to these agreements, loan payables from LC financing were collateralized by letters of credit from overseas sales of parallel-import vehicles. The accounts receivable in connection with letters of credit with book value of \$1,084,775 and \$7,502,291 were pledged as collateral to guarantee our borrowings from these third-party companies as of December 31, 2023 and 2022, respectively.

In October 2022, we entered into agreements with two third-party companies that have been providing financial support to us since 2021. Pursuant to the agreements, we can borrow under revolving lines of credit of up to \$10.0 million and \$5.0 million, respectively, from these two third-party companies for a total of \$15.0 million for a period of 12 months at a fixed interest rate of 1.5% per month. In December 2022, we amended the revolving line of credit agreements to extend their maturity dates to April 2024.

In June 2022, we sold 1,666,000 shares of Class A common stock at a purchase price of \$1.80 per share. The gross proceeds were approximately \$3.0 million, before deducting the offering expenses of approximately \$0.3 million. The net proceeds were approximately \$2.7 million, of which approximately \$0.6 million was received in September 2022, \$0.5 million in November 2022, \$0.1 million in

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December 2022, \$0.7 million in March 2023, and \$0.5 million in July 2023, for a total receipt of approximately \$2.4 million. The balance of \$0.6 million is expected to be paid within six months after our IPO.

In March 2022, we entered into an amended agreement with the SBA to borrow an additional \$350,000 for 30 years as working capital to alleviate economic injury caused by the COVID-19 pandemic. In aggregate, our SBA borrowings amounted to \$500,000 with a maturity date of May 23, 2050. The amended loan bears a fixed interest rate of 3.75% per annum. Beginning from March 2022, 24 months from the date of the original loan agreement, we are required to make a new monthly installment payment of \$2,485 within the remaining term of the loan, with the last installment to be paid in May 2050.

In assessing our liquidity, we monitor and analyze our cash on-hand, our ability to generate sufficient revenue, the collection of our accounts receivable, our ability to obtain additional financial support in the future, and our operating and capital expenditure commitments. We reported cash of \$0.4 million as of December 31, 2023. As of December 31, 2023, our working capital amounted to approximately \$7.5 million (namely, \$9.8 million of current assets less \$2.3 million of current liabilities), including \$1.8 million loans payable. Our solid working capital position is supported additionally by our ability to borrow under our existing credit facilities based on past experience, our good credit history, and well-established relationship with the lenders. We have from time to time in the past several years been supported with loans from our principal stockholder, and we believe such support will be available in the future, if needed.

The completion of the IPO in the third quarter of 2023 provided us with a substantial influx of capital. With improved access to funds as a result of being a public company, we now have the increased financial flexibility to operate without the current need for external debt financing and can manage our operations with a more comfortable cash flow position.

We are working to further improve our liquidity and capital sources primarily by generating cash from operations, debt financing, and, if needed, financial support from our principal stockholder. In order to fully implement our business plan and sustain continued growth, we may also seek additional equity financing from outside investors. Based on the current operating plan, management believes that the above-mentioned measures collectively will provide sufficient liquidity to meet our future liquidity and capital requirements for at least 12 months from the issuance date of the consolidated financial statements.

Cash Flows for the Years Ended December 31, 2023 and 2022

The following table summarizes our cash flow for the years ended December 31, 2023 and 2022:

	Years ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 5,610,225	\$ 2,189,605
Net cash (used in) investing activities	(672,500)	—
Net cash (used in) financing activities	(4,563,108)	(2,632,201)
Net increase (decrease) in cash	\$ 374,617	\$ (442,596)

Operating Activities

Net cash provided by operating activities was \$5.6 million for the year ended December 31, 2023. This was primarily attributable to a collection of \$0.6 million in accounts receivable, a \$4.5 million decrease in inventory, \$0.5 million decrease in other receivables, and other less significant factors.

Net cash provided by operating activities was \$2.2 million for the year ended December 31, 2022. This was primarily attributable to a net profit of \$0.8 million, adjusted by a \$10.5 million reduction in inventory and offset by (i) a \$1.8 million decrease in deferred revenue (because customer prepayment and deposit was recognized as revenue during 2022 when revenue recognition criteria were met), (ii) a \$7.1 million increase in accounts receivable, and (iii) other factors of less significance.

Investing Activities

Net cash used in investing activities was \$0.7 million and nil for the years ended December 31, 2023 and 2022, respectively. The increase of investing activities consisted of (i) \$0.5 million in short-term loans lent to third parties, and (ii) \$0.2 million in vehicle pledge loans extended to third parties.

Financing Activities

Net cash used in financing activities of \$4.6 million for the year ended December 31, 2023, consisted of (i) net repayments of LC financing of \$25.5 million; (ii) net repayments of inventory financing of \$4.2 million; (iii) net repayments of revolving lines of credit of \$2.6 million; and (iv) repayments of dealers financing of \$0.4 million; partially offset by (v) proceeds from LC financing of \$19.4 million; (vi) proceeds from revolving lines of credit of \$3.2 million; (vi) proceeds from dealers financing of \$0.4 million; (vii) proceeds from premium finance of \$0.2 million; (viii) a reduction in subscriptions receivable of \$1.2 million; and (ix) net proceeds from our IPO of \$3.7 million.

Net cash used in financing activities of \$2.6 million for the year ended December 31, 2022, consisted of (i) net repayment of LC financing of \$34.3 million; (ii) net repayment of inventory financing of \$26.1 million; (iii) repayment to a founder of \$1.4 million; and (iv) repayment of dealers financing of \$0.2 million; partially offset by (v) net proceeds from LC financing of \$33.3 million, (vi) net proceeds from inventory financing of \$24.3 million; (vii) issuance of common stock of \$1.2 million; (viii) net financing support from long-term borrowing of \$0.4 million; and (ix) financial support of \$0.3 million from our founder.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2023:

	Total	Less than 1 Year	1 to 5 years	Above 5 years
Lease commitment	\$ 247,479	\$ 66,391	\$ 181,088	\$ —
Long-term borrowings	677,613	32,887	149,356	495,370
Total	\$ 925,092	\$ 99,278	\$ 330,444	\$ 495,370

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees outstanding as of December 31, 2023.

Off-Balance Sheet Arrangements

We did not have during the period presented, and we do not currently have, any off-balance sheet financing arrangements as defined under the rules and regulations of the SEC, or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Estimates

We prepare our financial statements in conformity with the accounting principles generally accepted in the U.S. (“U.S. GAAP”), which require us to make judgments, estimates, and assumptions that affect our reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there were no material changes made to the accounting estimates and assumptions in the past three years, we continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

Estimated allowance for doubtful accounts receivable

Management reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. Our Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trend. On March 13, 2024, we received requests for deferred payments from two clients, both supported by third-party guarantors. These accounts have been subject to a heightened review process, with our assessment including an evaluation of the clients' reasons for deferral and an analysis of the financial standing of the guarantors. Based on this review, as of December 31, 2023, we concluded that these receivables remained fully collectible and, consequently, did not establish an allowance for doubtful accounts. This conclusion is subject to change as future evaluations may indicate a heightened risk of non-collection. For a detailed information on overdue amounts, please refer to "Note 3—Accounts Receivable" in the notes to our consolidated financial statements.

Estimated allowance for inventories obsolescence

Management's estimated allowance for the inventory obsolescence reserves is based on management's assessment of realization of inventory. Any excess of the cost over the realizable value of each item of inventories recognized as a provision for diminution in the value of inventories. As of December 31, 2023 and 2022, we recorded no reserves of inventories from the carrying amount to their net realizable values.

Estimate of the valuation allowance of deferred tax assets

Our Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, our Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. We have not assessed a valuation allowance as we determine it is more likely than not that all deferred tax assets will be realized before expiration.

Revenue Recognition

ASC 606 establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. ASC 606 requires the use of a new five-step model to recognize revenue from customer contracts. The five-step model requires that our Company (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) our Company satisfies the performance obligation. The application of the five-step model to the revenue streams compared to the prior guidance did not result in significant changes in the way our Company records its revenue. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Our Company is primarily engaged in the parallel-import vehicle dealership business and generates revenue from the sales of parallel-import vehicles to both domestic and oversea parallel-import car dealers. We purchase automobiles from the U.S. market through our large team of professional purchasing agents, and mainly resell them to parallel-import car dealers in the U.S. and PRC. In accordance with ASC 606, our Company recognizes revenue at the point in time when the performance obligation has been satisfied and control of the vehicles has been transferred to the dealers. For sales to U.S. domestic parallel-import car dealers, revenue is recognized when a vehicle is delivered and its title has been transferred to the dealers. For overseas sales, our Company sells vehicles under Cost and Freight ("CFR") shipping point term, and revenue is recognized when a vehicle is loaded on a cargo ship and its title has been transferred to the dealers. Our Company accounts for the revenue generated from sales of vehicles on a gross basis as our Company is acting as a principal in these transactions, is subject to inventory risk, has latitude in establishing prices, and is responsible for fulfilling the promise to provide customers the specified goods, which our Company has control of the goods and has the ability to direct the use of goods to obtain substantially all the benefits. All of our Company's contracts have one single performance obligation as the promise is to transfer the individual vehicle to parallel-import car dealers, and there is no separately identifiable other promises in the contracts. Our

Company's vehicles are sold with no right of return and our Company does not provide other credits or sales incentives to parallel-import car dealers. Historically, no customer returns have occurred. Therefore, our Company did not provide any sales return allowances for the years ended December 31, 2023 and 2022.

Contract balances and remaining performance obligations

Contract balances typically arise when a difference in timing between the transfer of control to the parallel-import car dealers and receipt of consideration occurs. Our Company did not have contract assets nor contract liabilities as of December 31, 2023 and 2022.

Accounts receivable, net

Accounts receivable represent the amounts that our Company has an unconditional right to consideration, which are stated at the original amount less an allowance for doubtful accounts. Our Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. Our Company determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. Our Company establishes a provision for doubtful receivables when there is objective evidence that our Company may not be able to collect amounts due. 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. Actual amounts received may differ from management's estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the collection is not probable. As of December 31, 2023 and 2022, there was no allowance for doubtful accounts recorded as we consider all of the outstanding accounts receivable fully collectible.

Loans receivable, net

The Company's loans receivable are recognized at the point of loan disbursement, initially measured at fair value, primarily reflecting the disbursed amount and associated transaction costs. Both secured and unsecured lending are encompassed in these receivables, with terms including varying interest rates and maturity dates. Subsequently, these receivables are measured at amortized cost using the effective interest method, which ensures the accurate recognition of interest income over the loan period. The interest rates for these loans may be subject to change based on the terms of loan agreements. Periodic reviews of the loan portfolio are conducted to assess for impairment, utilizing the expected credit loss model. This approach considers historical credit loss experience, current conditions, and reasonable forecasts in estimating potential credit losses. As of the date of this annual report, no significant impairment allowance has been recorded for these loans receivable.

Inventories, net

Inventories consist of new vehicles held for sale and are stated at the lower of cost or net realizable value using the specific identification method. The cost of inventory mainly includes the cost of auto vehicles purchased from U.S. automobile dealers, non-refundable sales tax, and dealership service fees. Our Company reviews its inventory periodically if any reserves are necessary for potential shrinkage. We recorded no inventory reserve as of December 31, 2023 and 2022.

Income taxes

Our Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, our Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Our Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, our Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. We have not assessed a valuation allowance as we determine it is more likely than not that all deferred tax assets will be realized before expiration.

Our Company records uncertain tax positions in accordance with ASC 740 (“ASC 740”), Income Taxes, on the basis of a two-step process in which (1) our Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, our Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Our Company does not believe that there were any uncertain tax positions as of December 31, 2023 and 2022.

Our Company and its operating subsidiaries in the United States are subject to the tax law of the United States. Our Company elected to file income taxes as a corporation instead of an LLC for the tax years ended December 31, 2020 through December 31, 2023. As of December 31, 2023, the tax years ended December 31, 2020 through December 31, 2022 for our consolidated income tax returns remain open for statutory examination by U.S. tax authorities.

Recent Accounting Pronouncements

See “Note 2—Summary of Significant Accounting Policies—Recent Accounting Pronouncements” in the notes to our consolidated financial statements for a discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller report company, we are not required to provide the information required by this item.

Item 8. Financial Statements and Supplementary Data.

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
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Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Cheetah Net Supply Chain Service Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Cheetah Net Supply Chain Service Inc. and its subsidiaries (collectively the “Company”) as of December 31, 2023, the related consolidated statements of income, changes in stockholders’ equity (deficit), and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and the consolidated results of its operations and its cash flows for the year ended December 31, 2023, 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 audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the “PCAOB”) and are required to be independent with respect to the Company in accordance with the United States federal securities laws, and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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 audit 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/ Assentsure PAC

Singapore

March 18, 2024

PCAOB ID number: 6783

We have served as the Company’s auditor since 2023.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and shareholders of
Cheetah Net Supply Chain Service Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Cheetah Net Supply Chain Service Inc. and its subsidiaries (collectively, the “Company”) as of December 31, 2022, and the related consolidated statements of income, changes in shareholders’ equity, and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit 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 audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP

We have served as the Company’s auditor from 2022 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum Asia CPAs LLP effective September 1, 2022) through October 5, 2023.

New York, New York

April 7, 2023

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
CONSOLIDATED BALANCE SHEETS**

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 432,998	\$ 58,381
Accounts receivable	6,494,695	7,086,651
Loans receivable	672,500	—
Inventory	1,515,270	5,965,935
Other receivables	410,920	900,730
Prepaid expenses and other current assets	294,154	480,828
TOTAL CURRENT ASSETS	9,820,537	14,492,525
NONCURRENT ASSETS:		
Operating lease right-of-use assets	190,823	140,145
Deferred tax assets	47,905	86,734
TOTAL ASSETS	\$ 10,059,265	\$ 14,719,404
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 40,430	\$ 86,285
Current portion of long-term debt	32,887	31,281
Loans payable from inventory financing	—	4,164,100
Loans payable from letter of credit financing	1,004,565	7,105,873
Loans payable from dealers finance	—	41,747
Loans payable from line of credit	688,711	—
Loans payable from premium finance	148,621	—
Due to a related party	13,423	—
Operating lease liabilities, current	39,703	149,458
Accrued liabilities and other current liabilities	390,451	616,863
TOTAL CURRENT LIABILITIES	2,358,791	12,195,607
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	644,725	678,442
Operating lease liabilities, net of current portion	151,121	—
TOTAL LIABILITIES	3,154,637	12,874,049
COMMITMENTS AND CONTINGENCIES		
	—	—
STOCKHOLDERS' EQUITY		
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 17,916,000 and 16,666,000 shares issued and outstanding, including:		
Class A common stock, \$0.0001 par value, 91,750,000 shares authorized, 9,666,000 and 8,416,000 shares issued and outstanding	967	842
Class B common stock, \$0.0001 par value, 8,250,000 shares authorized, 8,250,000 shares issued and outstanding	825	825
Additional paid-in capital	6,994,595	3,269,317
Subscription receivable	(600,000)	(1,800,000)
Retained earnings	508,241	374,371
TOTAL STOCKHOLDERS' EQUITY	6,904,628	1,845,355
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 10,059,265	\$ 14,719,404

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

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
CONSOLIDATED STATEMENTS OF INCOME**

	For the Years Ended December 31,	
	2023	2022
REVENUE	\$ 38,315,974	\$ 55,153,335
COST OF REVENUE		
Cost of vehicles	32,183,676	48,534,282
Fulfillment expenses	1,885,382	2,149,672
Total cost of revenue	<u>34,069,058</u>	<u>50,683,954</u>
GROSS PROFIT	4,246,916	4,469,381
OPERATING EXPENSES		
Selling expenses	668,172	898,852
General and administrative expenses	2,190,513	1,430,917
Total operating expenses	<u>2,858,685</u>	<u>2,329,769</u>
INCOME FROM OPERATIONS	1,388,231	2,139,612
OTHER INCOME (EXPENSES)		
Interest expense, net	(1,239,297)	(2,441,443)
Other income, net	31,593	12,974
Subsidy income from Business Recovery Grant Program	—	1,340,316
Total other (expenses), net	<u>(1,207,704)</u>	<u>(1,088,153)</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	180,527	1,051,459
Provision for income taxes	<u>46,657</u>	<u>234,479</u>
NET INCOME	\$ 133,870	\$ 816,980
Earnings per share - basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.05</u>
Weighted average shares - basic and diluted	<u>17,183,123</u>	<u>15,794,203</u>

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

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**

	Common Stock				Additional paid-in capital	Subscription Receivable	Retained Earnings	Total Stockholders' Equity
	Class A Common stock	Amount	Class B Common stock	Amount				
Balance, December 31, 2022	8,416,000	\$ 842	8,250,000	\$ 825	\$ 3,269,317	\$ (1,800,000)	\$ 374,371	\$ 1,845,355
Initial public offering, net of issuance costs	1,250,000	125	—	—	3,725,278	—	—	3,725,403
Stock issuance	—	—	—	—	—	1,200,000	—	1,200,000
Net income	—	—	—	—	—	—	133,870	133,870
Balance, December 31, 2023	<u>9,666,000</u>	<u>\$ 967</u>	<u>8,250,000</u>	<u>\$ 825</u>	<u>\$ 6,994,595</u>	<u>\$ (600,000)</u>	<u>\$ 508,241</u>	<u>\$ 6,904,628</u>

	Common Stock*				Additional paid-in capital	Subscription Receivable	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Class A Common stock	Amount	Class B Common stock	Amount				
Balance, December 31, 2021	6,750,000	\$ 675	8,250,000	\$ 825	\$ 270,684	\$ —	\$ (442,609)	\$ (170,425)
Stock issuance	1,666,000	167	—	—	2,998,633	(1,800,000)	—	1,198,800
Net income	—	—	—	—	—	—	816,980	816,980
Balance, December 31, 2022	<u>8,416,000</u>	<u>\$ 842</u>	<u>8,250,000</u>	<u>\$ 825</u>	<u>\$ 3,269,317</u>	<u>\$ (1,800,000)</u>	<u>\$ 374,371</u>	<u>\$ 1,845,355</u>

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

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 133,870	\$ 816,980
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of operating lease right-of-use assets	140,145	169,503
Inventory reserve recovery	—	(92,811)
Deferred tax provision	38,829	158,060
Changes in operating assets and liabilities:		
Accounts receivable	591,956	(7,066,535)
Inventory	4,450,665	10,452,396
Other receivables	489,810	220,029
Due from a related party	—	10,000
Prepaid expenses and other current assets	186,674	(478,828)
Deferred revenue	—	(1,805,073)
Other payables and other current liabilities	(272,266)	(30,566)
Operating lease liabilities	(149,458)	(163,550)
Net cash provided by operating activities	5,610,225	2,189,605
Cash flows from investing activities:		
Loans made to third parties	(672,500)	—
Net cash (used in) investing activities	(672,500)	—
Cash flows from financing activities:		
Proceeds from initial public offering, net of expenses	3,725,403	—
Proceeds from issuance of common stock under private placement transaction	1,200,000	1,198,800
Proceeds from inventory financing	—	24,257,900
Repayments of inventory financing	(4,164,100)	(26,131,700)
Proceeds from letter of credit financing	19,424,370	33,341,191
Repayments of letter of credit financing	(25,525,678)	(34,267,549)
Proceeds from loans from dealers finance	389,296	—
Repayments of loans from dealers finance	(431,043)	(235,690)
Proceeds from line of credit	3,244,488	—
Repayment of line of credit	(2,555,777)	—
Proceeds from premium finance	148,621	—
Proceeds from long-term borrowings	—	350,000
Repayments of long-term borrowings	(32,111)	(9,563)
Borrowing from a related party	45,798	313,464
Repayments made to a related party	(32,375)	(1,449,054)
Net cash (used in) financing activities	(4,563,108)	(2,632,201)
Net increase (decrease) in cash	374,617	(442,596)
Cash, beginning of year	58,381	500,977
Cash, end of year	\$ 432,998	\$ 58,381
Supplemental cash flow information		
Cash paid for income taxes	<u>\$ 74,533</u>	<u>\$ 46,196</u>
Cash paid for interest	<u>\$ 262,661</u>	<u>\$ 842,228</u>

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

**CHEETAH NET SUPPLY CHAIN SERVICE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 — ORGANIZATION AND BUSINESS DESCRIPTION

Cheetah Net Supply Chain Service Inc. (“Cheetah Net” or the “Company”), formerly known as Yuan Qiu Business Group LLC, was established under the laws of the State of North Carolina on August 9, 2016 as a limited liability company (“LLC”). On March 1, 2022, the Company filed articles of incorporation including articles of conversion with the Secretary of State of the State of North Carolina to convert from an LLC to a corporation, and changed its name to Cheetah Net Supply Chain Service Inc. The Company holds 100% of the equity interests in the following entities:

- (i) Allen-Boy International LLC (“Allen-Boy”), an LLC organized on August 31, 2016 under the laws of the State of Delaware, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Allen-Boy who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on January 1, 2017. Allen-Boy did not have any business activities until acquired by Cheetah Net;
- (ii) Canaan International LLC (“Fairview”), an LLC organized on December 5, 2018 under the laws of the State of North Carolina, known as Fairview International Business Group, LLC before changing its name by filing articles of amendment on July 21, 2020, which was acquired by Cheetah Net from Yiming Wang, the previous owner of Fairview, for a total consideration of \$100 on January 1, 2019. Fairview did not have any business activities until acquired by Cheetah Net;
- (iii) Pacific Consulting LLC (“Pacific”), an LLC organized on January 17, 2019 under the laws of the State of New York, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Pacific who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on February 15, 2019. Pacific did not have any business activities until acquired by Cheetah Net;
- (iv) Canaan Limousine LLC (“Limousine”), an LLC organized on February 10, 2021 under the laws of the State of South Carolina, which was acquired by Cheetah Net from Yingchang Yuan, the previous owner of Limousine who beneficially owns 1,200,000 shares of Class A common stock of Cheetah Net, for a total consideration of \$100 on February 19, 2021. Limousine did not have any business activities until acquired by Cheetah Net;
- (v) Entour Solutions LLC (“Entour”), an LLC organized on April 8, 2021 under the laws of the State of New York, which was acquired by Cheetah Net from Daihan Ding, the previous owner of Entour, and a current employee of Cheetah Net, for a total consideration of \$100 on April 9, 2021. Entour did not have any business activities until acquired by Cheetah Net; and
- (vi) Cheetah Net Logistics LLC (“Logistics”), an LLC organized on October 12, 2022 under the laws of the State of New York, whose previous sole member and owner, Hanzhang Li, the previous owner of Logistics, and a current employee of Cheetah Net, for a total consideration of \$100, assigned all his membership interests in Logistics to Cheetah Net on October 19, 2022.

The Company and its wholly-owned subsidiaries are primarily engaged in the parallel-import vehicle dealership business. In the People’s Republic of China (the “PRC”), parallel-import vehicles refer to those purchased by dealers directly from overseas markets and imported for sale through channels other than brand manufacturers’ official distribution systems. The Company purchases automobiles from the U.S. market through its large team of professional purchasing agents, and resells the automobiles to parallel-import car dealers in the U.S. and the PRC.

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Details of the subsidiaries of the Company as of December 31, 2023 are set out below:

<u>Name of Entity</u>	<u>Date of Incorporation</u>	<u>State of Incorporation</u>	<u>% of Ownership</u>	<u>Principal Activities</u>
Cheetah Net	August 9, 2016	North Carolina	Parent, 100%	Parallel-import vehicle dealership business
<i>Subsidiaries of the parent:</i>				
Allen-Boy	August 31, 2016	Delaware	100%	Parallel-import vehicle dealership business
Fairview	December 5, 2018	North Carolina	100%	Parallel-import vehicle dealership business
Pacific	January 17, 2019	New York	100%	Parallel-import vehicle dealership business
Limousine	February 10, 2021	South Carolina	100%	Parallel-import vehicle dealership business
Entour	April 8, 2021	New York	100%	Parallel-import vehicle dealership business
Logistics	October 12, 2022	New York	100%	Parallel-import vehicle dealership business

On August 3, 2023, the Company completed its initial public offering (“IPO”) of 1,250,000 shares of Class A common stock, par value \$0.0001 per share, at a price to the public of \$4.00 per share. The Company’s Class A common stock began trading on the Nasdaq Capital Market under the ticker symbol “CTNT” on August 1, 2023. Total net proceeds of approximately \$3.7 million were raised from the IPO after deducting the underwriting discounts and the offering expenses, in an aggregate amount of \$1.3 million. (see Note 17).

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the U.S. (the “U.S. GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). The accompanying consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All inter-company balances and transactions are eliminated upon consolidation. As a U.S.-based company operating exclusively within the domestic market and transacting solely in United States Dollars (USD), both the Company’s presentation and functional currencies are the USD. This uniformity simplifies the Company’s financial reporting process and ensures clarity in its financial transactions. The Company’s financial statements, therefore, are presented in USD, in compliance with U.S. GAAP requirements, and provide transparent and straightforward financial information to the Company’s stakeholders.

Uses of estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, the valuation of accounts receivables, the valuation of inventory, the revenue recognition, and the realization of deferred tax assets. Actual results could differ from those estimates.

Risks and uncertainties

The operations of the Company are located in the U.S. and the Company's primary market is in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by political, economic, and legal environments in the U.S. and the PRC, as well as by the general state of the U.S. and the PRC economies. The Company's results may be adversely affected by changes in the political, regulatory, and social conditions in the U.S. and the PRC.

Risks and uncertainties related to the Company's business include, but are not limited to, the following:

- Changes in consumer demand in the Chinese market towards fuel-efficient vehicles and electric vehicles, or a general declining purchasing power of PRC consumers, could adversely affect the Company's vehicle sales volumes and results of operations;
- The PRC government policies on the purchase and ownership of automobiles and stricter emissions standards, may reduce the market demand for the automobiles the Company sells and thus negatively affect its business and growth prospects;
- Any adverse change in political relations between the PRC and the U.S. or any other country where those brands originate, including the ongoing trade conflicts between the U.S. and the PRC, may negatively affect its business; and
- The ongoing military conflict between Russia and Ukraine could materially and adversely affect the global economy and capital markets, including significant volatility in commodity prices, especially energy prices, credit and capital markets, as well as supply chain interruptions.

The Company's business, financial condition, and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics, and other catastrophic incidents, which could significantly disrupt the Company's operations.

Cash

Cash includes deposits held by banks that can be added or withdrawn without limitation.

Accounts receivable

Accounts receivable represent the amounts that the Company has an unconditional right to consideration, which are stated at the original amount less an allowance for doubtful accounts. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. The Company usually determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against accounts receivable balances, with a corresponding charge recorded in the consolidated statements of income. Delinquent account balances are written off against the allowance for doubtful accounts after management has determined that the likelihood of collection is remote. In circumstances in which the Company receives payments for accounts receivable that have previously been written off, the Company reverses the allowance and bad debt expenses. As of December 31, 2023 and December 31, 2022, there was no allowance for doubtful accounts recorded as the Company considers all of the outstanding accounts receivable fully collectible.

Loans receivable

The Company's loans receivable are recognized at the point of loan disbursement, initially measured at fair value, primarily reflecting the disbursed amount and associated transaction costs. Both secured and unsecured lending are encompassed in these receivables, with terms including varying interest rates and maturity dates. Subsequently, these receivables are measured at amortized cost using the effective interest method, which ensures the accurate recognition of interest income over the loan period. The interest rates for these loans may be subject to change based on the terms of loan agreements. Periodic reviews of the loan portfolio are conducted to assess for impairment, utilizing the expected credit loss model. This approach considers historical credit loss experience, current conditions, and reasonable forecasts in estimating potential credit losses. As of the end of the reporting periods, no impairment allowance was recorded for these loans receivable.

Inventory

Inventory consists of new vehicles held for sale and is stated at the lower of cost or net realizable value using the specific identification method. The value of inventory mainly includes the cost of auto vehicles purchased from U.S. automobile dealers, non-refundable sales tax, and dealership service fees. The Company reviews its inventory periodically if any reserves are necessary for potential shrinkage. The Company recorded no inventory reserve as of December 31, 2023 and 2022.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value 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, quoted market prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable and inputs derived from or corroborated by observable market data.
- Level 3 — inputs to the valuation methodology are unobservable.

Unless otherwise disclosed, the fair value of the Company's financial instruments, including cash, accounts receivable, loans receivable, and other current assets, loans payable, deferred revenue and other payables and other current liabilities, approximate the fair value of the respective assets and liabilities as of December 31, 2023 and 2022 based upon the short-term nature of the assets and liabilities.

The Company believes that the carrying amount of long-term loans approximates fair value at December 31, 2023 and 2022 based on the terms of the borrowings and current market rates as the rates of the borrowings are reflective of the current market rates.

Leases

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 842, Leases ("Topic 842"). The Company leases office space, which is classified as operating leases in accordance with Topic 842. Under Topic 842, lessees are required to recognize the following for all leases (with the exception of short-term leases, usually with an initial term of 12 months or less) on the commencement date: (i) lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

At the commencement date, the Company recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. The ROU asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All ROU assets are reviewed for impairment annually. There was no impairment for ROU lease assets as of December 31, 2023 and 2022.

Revenue recognition

ASC 606 establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. ASC 606 requires the use of a new five-step model to recognize revenue from customer contracts. The five-step model requires that the Company (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies the performance obligation. The application of the five-step model to the revenue streams compared to the prior guidance did not result in significant changes in the way the Company records its revenue. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company is primarily engaged in the parallel-import vehicle dealership business and generates its revenue from the sales of parallel-import vehicles to both domestic and overseas parallel-import car dealers. It purchases automobiles from the U.S. market through its large team of professional purchasing agents, and mainly resells them to parallel-import car dealers in the U.S. and the PRC. In accordance with ASC 606, the Company recognizes revenue at the point in time when the performance obligation has been satisfied and control of the vehicles has been transferred to the dealers. For sales to U.S. domestic parallel-import car dealers, revenue is recognized when a vehicle is delivered and its title has been transferred to the dealers. For overseas sales, the Company sells vehicles under Cost and Freight ("CFR") shipping point terms, and revenue is recognized when a vehicle is loaded on a cargo ship and its title has been transferred to the dealers. The Company accounts for the revenue generated from sales of vehicles on a gross basis as the Company is acting as a principal in these transactions, is subject to inventory risk, has latitude in establishing prices, and is responsible for fulfilling the promise to provide customers the specified goods, which the Company has control of the goods and has the ability to direct the use of goods to obtain substantially all the benefits. All of the Company's contracts have one single performance obligation as the promise is to transfer the individual vehicle to parallel-import car dealers, and there is no separately identifiable other promise in the contracts. The Company's vehicles are sold with no right of return and the Company does not provide other credits or sales incentives to parallel-import car dealers. Historically, no customer returns have occurred. Therefore, the Company did not provide any sales return allowances as of December 31, 2023 and 2022.

Contract balances and remaining performance obligations

Contract balances typically arise when a difference in timing between the transfer of control to the parallel-import car dealers and receipt of consideration occurs. The Company did not have contract assets as of December 31, 2023 and 2022. The Company did not have contract liabilities as of December 31, 2023 and 2022.

Disaggregation of Revenue

The Company disaggregates its revenue by geographic areas, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of the revenue and cash flows are affected by economic factors. The Company's disaggregation of revenue for the years ended December 31, 2023 and 2022 were as follows:

Geographic information

The summary of the Company's total revenue by geographic area for the years ended December 31, 2023 and 2022 was as follows:

	For the Years Ended	
	December 31,	
	2023	2022
U.S. domestic market	\$ 8,160,395	\$ 3,821,261
Overseas market	30,155,579	51,332,073
Total revenue	\$ 38,315,974	\$ 55,153,335

Cost of revenue

Cost of revenue mainly includes the cost of vehicles purchased from U.S. automobile dealers, non-refundable sales tax, dealership service fees, and other expenses. It also includes fulfillment expenses, which consist primarily of (i) vehicle warehousing and towing fees, (ii) vehicle insurance expenses, (iii) commissions paid to purchasing agents incurred in vehicle pick-up and the vehicle title transfer process, (iv) broker consulting fees incurred to acquire new vehicles, and (v) purchase department labor costs.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company has not assessed a valuation allowance as it determines it is more likely than not that all deferred tax assets will be realized before expiration.

The Company records uncertain tax positions in accordance with ASC 740, Income Taxes, on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company records interest and penalties related to an uncertain tax position, is and when required, as part of income tax expenses in the consolidated statements of income. The Company does not believe that there were any uncertain tax positions as of December 31, 2023 and 2022.

The Company and its U.S. operating subsidiaries are subject to the U.S. tax law. The Company elected to file income taxes as a corporation instead of an LLC for the tax years ended December 31, 2020 through December 31, 2022. As of December 31, 2023, the Company's consolidated income tax returns for the tax years ended December 31, 2020 through December 31, 2023, remain open for statutory examination by U.S. tax authorities.

Earnings per share

The Company computes earnings per share (“EPS”) in accordance with ASC 260, “Earnings per Share” (“ASC 260”). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common 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 common 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 and 2022, there were no dilutive shares outstanding.

Related parties and transactions

The Company identifies related parties, and accounts for and discloses related party transactions in accordance with ASC 850, “Related Party Disclosures” and other relevant ASC standards.

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

Transactions between related parties commonly occurring in the normal course of business are considered to be related party transactions. Transactions between related parties are also considered to be related party transactions even though they may not be given accounting recognition.

Shipping and handling costs

Shipping and handling costs, which are associated with shipping and delivery of vehicles to automobile dealers, are expensed as incurred and are included in selling expenses in the consolidated statements of income. Total shipping and handling expenses were \$498,022 and \$710,265 for the years ended December 31, 2023 and 2022, respectively.

Segment reporting

The Company uses the management approach in determining reportable operating segments. The management approach considers the internal reporting used by the Company’s chief operating decision maker for making operating decisions about the allocation of resources of the segment and the assessment of its performance in determining the Company’s reportable operating segments. Management has determined that the Company has one operating segment.

Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 was subsequently amended by ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, ASU 2019-04 Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments, and ASU 2019-05, Targeted Transition Relief. In November 2019, the FASB issued ASU 2019-10, which extends the effective date for the adoption of ASU 2016-13. In November 2019, the FASB issued ASU 2019-11 to clarify its new credit impairment guidance in ASU 326. Accordingly, for public entities that are not smaller reporting entities, ASU 2016-13 and its amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other entities, this guidance and its amendments will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an emerging growth company, the Company adopted this guidance on January 1, 2023 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

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In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for all entities for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The removed and modified disclosures were adopted on a retrospective basis and the new disclosures were adopted on a prospective basis. The Company adopted this guidance on January 1, 2020 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes. ASU 2019-12 is intended to simplify accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, with early adoption permitted. The Company adopted this guidance on January 1, 2021 and the adoption of this ASU did not have a material impact on its consolidated financial statements.

NOTE 3 — ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 6,494,695	\$ 7,086,651
Less: allowance for doubtful accounts	—	—
Total accounts receivable	<u>\$ 6,494,695</u>	<u>\$ 7,086,651</u>

The Company’s accounts receivable primarily include balances generated from selling parallel-import vehicles to both domestic and overseas parallel-import car dealers, which have not been collected as of the balance sheet dates. The Company identified two accounts with deferred payments overdue for over 150 days, totaling approximately \$2.6 million of the \$5.6 million total deferred payment balances as of December 31, 2023, which were backed by third-party guarantees. After a thorough assessment, these accounts were classified as fully collectible despite the delay.

As of December 31, 2023, the following table summarizes the Company’s accounts receivable aging:

	December 31, 2023
Accounts receivable aging:	
Less than 150 days	\$ 3,508,729
151-180 days	861,197
181-210 days	886,845
Over 210 days	<u>1,237,924</u>
Less: allowance for doubtful accounts	—
Total accounts receivable	<u>\$ 6,494,695</u>

The accounts receivable transactions in connection with letters of credit with book value of \$1,084,775 and \$7,502,291 were pledged as collateral to guarantee the Company’s borrowings from four third-party lending companies as of December 31, 2023 and December 31, 2022, respectively (see Note 9).

NOTE 4 — LOANS RECEIVABLE

Loans receivable consisted of the following:

	December 31, 2023	December 31, 2022
Vehicle pledge loan receivable	\$ 172,500	\$ —
Short-term loan	\$ 500,000	—
Total loans receivable	<u>\$ 672,500</u>	<u>\$ —</u>

On December 6, 2023, the Company entered into two separate vehicle pledge loan agreements with one customer, securing the loans with the customer's vehicle inventory. The aggregate principal for these loans was set at \$172,500, determined as 90% of each pledged vehicles' MSRP. The initial term of each agreement is 90 days. The loans carry an interest rate of 14.4% annually for the first 90 days, and for any duration beyond that, the rate is 18% annually. As of December 31, 2023, no impairment is required as the loans have been assessed as collectible.

On December 11, 2023, the Company provided an unsecured short-term loan to one of its customers. The principal amount of the loan was \$500,000. This loan carried an annual interest rate of 12.0% and was originally set to mature on February 12, 2024. However, on the maturity date, the Company and the borrower agreed to amend the terms of the loan. The amendment extended the maturity date to June 12, 2024, and increased the annual interest rate to 18.0% for the extension period. No impairment is required as the loan has been assessed as collectible. Interest accrued through February 12, 2024, remains at the original rate of 12.0% per annum, and any interest accruing after this date is subject to the new rate of 18.0% per annum. Interest income for the years ended December 31, 2023 and 2022 was \$5,423 and nil, respectively, which was accrued and recorded as interest receivable (see Note 6).

NOTE 5 — INVENTORY

Inventory consisted of the following:

	December 31, 2023	December 31, 2022
Vehicles	\$ 1,515,270	\$ 5,965,935
Less: inventory valuation allowance	—	—
Total inventory	<u>\$ 1,515,270</u>	<u>\$ 5,965,935</u>

Changes in inventory valuation allowance were as follows:

	December 31, 2023	December 31, 2022
Beginning balance	\$ —	\$ 92,811
Sale of previously reserved inventory	—	(92,811)
Ending balance	<u>\$ —</u>	<u>\$ —</u>

In connection with the Company's \$4,164,100 inventory financing from loans payable as of December 31, 2022, the Company pledged its inventory with book value of \$4,095,132 as collateral for these loans, respectively (see Note 8). The Company's vehicles in inventory with book value totaling \$141,557 were pledged as collateral to secure loans payable from dealers finance as of December 31, 2022 (see Note 10).

NOTE 6 — OTHER RECEIVABLES

Other receivables consisted of the following:

	December 31, 2023	December 31, 2022
Vehicle deposit ⁽¹⁾	\$ 162,159	\$ 400,659
Rent deposit	22,095	41,845
Sales tax refundable ⁽²⁾	217,892	419,886
Interest receivable	5,423	—
Others	3,351	38,340
Subtotal	410,920	900,730
Less: allowance for doubtful accounts	—	—
Total other receivables	<u>\$ 410,920</u>	<u>\$ 900,730</u>

(1) Vehicle deposits represent security deposits paid to U.S. automobile dealers to reserve vehicles.

(2) Sales tax refundable represents vehicles sales tax exempted in some states and to be refunded by the tax authorities.

NOTE 7 — LEASES

The Company leases office space from various third parties under non-cancelable operating leases, with terms ranging from 12 to 38 months. The Company considers the renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of ROU assets and lease liabilities. Lease expenses are recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

The Company determines whether a contract is or contains a lease at the inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company discounts lease payments based on an estimate of its incremental borrowing rate.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

On April 28, 2023, the Company entered a first amendment to lease agreement (the "Amended Lease") with one of its landlords, which amended a previous lease agreement between the two parties, whereby the Company leases office space from the landlord with an initial lease term from December 1, 2020 to December 31, 2023. Pursuant to the Amended Lease, the initial lease term was extended for a period commencing January 1, 2024 and expiring February 28, 2027, unless sooner terminated as provided in the Amended Lease. The Company was also granted the option to extend the lease term for another three years starting from March 1, 2027 and ending February 28, 2030.

The table below presents the operating lease related assets and liabilities recorded on the balance sheets.

	December 31, 2023	December 31, 2022
Right-of-use assets	<u>\$ 190,823</u>	<u>\$ 140,145</u>
Operating lease liabilities – current	\$ 39,703	\$ 149,458
Operating lease liabilities – non-current	151,121	—
Total operating lease liabilities	<u>\$ 190,824</u>	<u>\$ 149,458</u>

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The weighted average remaining lease terms and discount rates for all operating leases were as follows as of December 31, 2023 and 2022:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Remaining lease term and discount rate:		
Weighted average remaining lease term (years)	3.17	0.77
Weighted average discount rate *	17.8 %	17.1 %

* The Company used a weighted average incremental borrowing rate of 17.8% per annum for its lease contracts based on the Company's current borrowing rates from various financial institutions.

During the years ended December 31, 2023 and 2022, the Company incurred total operating lease expenses of \$268,801 and \$218,305, respectively.

The following is a schedule, by years, of maturities of lease liabilities as of December 31, 2023:

<u>12 months ending December 31,</u>	<u>Amount</u>
2024	\$ 66,391
2025	82,059
2026	84,520
2027	14,509
Total lease payments	\$ 247,479
Less: imputed interest	(56,655)
Present value of lease liabilities	<u>\$ 190,824</u>

NOTE 8 — INVENTORY FINANCING

There were no inventory financing loan agreements executed during the year ended December 31, 2023. No inventory was being held as collateral, and the balance of inventory financing was nil, as of December 31, 2023.

The Company entered into a series of inventory financing loan agreements with a third party for working capital purposes during the year ended December 31, 2022, pursuant to which the Company pledged a portion of its vehicle inventory as collateral for each of the loan agreements. Interest expenses are calculated based on the actual number of days the loan was outstanding upon settlement of the loan. For the loan amount outstanding for no more than 90 days, the Company is charged an interest rate ranging between 16.2% and 21.6%, per annum, and for the amount outstanding for more than 90 days, the Company is charged an interest rate ranging between 20.7% and 27.6%, per annum. The loans are guaranteed by Huan Liu, the Company's controlling stockholder, and another stockholder of the Company.

Inventory financing amounted to \$4,164,100 as of December 31, 2022. Interest expense for inventory financing was \$747,298 for the year ended December 31, 2022. The Company's vehicles in inventory with book value of \$4,095,132 were pledged as collateral to secure the Company's borrowings from a third party as of December 31, 2022 (see Note 5).

NOTE 9 — LETTER OF CREDIT FINANCING ("LC FINANCING")

The Company entered into a series of loan agreements with three third-party companies for working capital funding purposes during the years ended December 31, 2023 and 2022. Pursuant to the agreements, loans payable from LC financing were collateralized by letters of credit from overseas sales of parallel-import vehicles. Interest expense is calculated based on the actual number of days the loan was outstanding and payable upon settlement, and the Company is charged at an interest rate ranging between 15.0% and 27.6% per annum.

The LC financing amounted to \$1,004,565 and \$7,105,873 as of December 31, 2023 and 2022, respectively. Interest expense for LC financing was \$925,426 and \$1,669,931 for the years ended December 31, 2023 and 2022, respectively. Accounts receivable transactions in connection with letters of credit having book value of \$1,084,775 and \$7,502,291 were pledged as collateral to guarantee the Company's borrowings from these three third-party lending companies as of December 31, 2023 and 2022, respectively (see Note 3).

NOTE 10 — DEALERS FINANCE

Loans payable from dealers finance reflect amounts borrowed from various automobile dealers to finance the purchased vehicles. The original term of these loans is between five to six years; however, the Company typically repays these loans within two months. The Company is charged an interest rate ranging between 5.09% and 9.84%, per annum.

The dealers finance amounted to nil and \$41,747 as of December 31, 2023 and 2022, respectively. Interest expense for dealers finance was \$4,123 and \$2,332 for the years ended December 31, 2023 and 2022, respectively. The Company's vehicles in inventory with book value of nil and \$141,557 were pledged as collateral to secure the loans payable from dealers finance as of December 31, 2023 and 2022, respectively (see Note 5).

NOTE 11 — REVOLVING LINE OF CREDIT

On October 5, 2022, the Company entered into two revolving line of credit agreements (the "Revolving Line of Credit Agreements") with two third-party companies that have been providing financial support to the Company since 2021. Pursuant to the Revolving Line of Credit Agreements, the Company can borrow under revolving lines of credit of up to \$10.0 million and \$5.0 million, respectively, from these two third-party companies with a total of \$15.0 million for a period of 12 months at a fixed interest rate of 1.5% per month. On December 12, 2022, the Company amended the Revolving Line of Credit Agreements to extend the maturity date to April 2024.

During the year ended December 31, 2023, the Company borrowed a total of \$3,244,488, and paid back \$2,555,777. As of December 31, 2023 and 2022, the revolving line of credit balance was \$688,711 and nil, respectively. Interest expense for the revolving lines of credit was \$155,245 and nil for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 — PREMIUM FINANCE

On July 31, 2023, the Company entered into a premium finance agreement (the "Premium Finance Agreement") with National Partners PFco, LLC. Pursuant to the Premium Finance Agreement, the Company borrowed \$221,139 for the purchase of its directors and officers' insurance, at an annual interest rate of 7.75%.

The premium finance loan amounted to \$148,621 and nil as of December 31, 2023 and 2022, respectively. Interest expense for premium finance loan was \$5,974 and nil for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 — LONG-TERM DEBT

Long-term debt consisted of the following:

	December 31, 2023	December 31, 2022
Small Business Administration ⁽¹⁾	\$ 479,124	\$ 490,130
Thread Capital Inc. ⁽²⁾	198,488	219,593
Total long-term debt	<u>\$ 677,612</u>	<u>\$ 709,723</u>
Current portion of long-term debt	\$ 32,887	\$ 31,281
Non-current portion of long-term debt	\$ 644,725	\$ 678,442

(1) On May 24, 2020, the Company entered into a loan agreement with the U.S. Small Business Administration (the "SBA"), an agency of the U.S. Government, to borrow \$150,000 for thirty years, with a maturity date of May 23, 2050. Under the terms of the SBA loan, the loan proceeds are used as working capital to alleviate economic injury caused by the COVID-19 pandemic. The loan bears a fixed interest rate of 3.75% per annum. Beginning 12 months from the date of this loan agreement, the Company is required to make a monthly installment payment of \$731 within the term of loan, with last installment to be paid in May 2050.

On March 16, 2022, the Company entered into an amended agreement with SBA to borrow an additional \$350,000 for 30 years as working capital to alleviate economic injury caused by the COVID-19 pandemic. In aggregate, the Company’s borrowings amounted to \$500,000 with a maturity date of May 23, 2050. The amended loan bears a fixed interest rate of 3.75% per annum. Beginning from March 2022, twenty - four months from the date of the original loan agreement, the Company is required to make a new monthly installment payment of \$2,485 within the remaining term of loan, with the last installment to be paid in May 2050.

The future maturities of the loan from SBA as of December 31, 2023 are as follows:

<u>12 months ending December 31,</u>	<u>Future repayment</u>
2024	\$ 10,592
2025	11,024
2026	11,474
2027	11,942
2028	12,429
Thereafter	421,663
Total	\$ 479,124

(2) On May 15, 2020, the Company entered into a loan agreement with Thread Capital Inc. (“Thread Capital”) to borrow \$50,000 as working capital with a maturity date of November 1, 2024. The loan bore a fixed interest rate of 5.50% per annum. This loan agreement was subsequently terminated on May 17, 2021, and the Company entered into a new loan agreement with Thread Capital to borrow an additional \$171,300 as working capital. In aggregate, the Company’s borrowings from Thread Capital amounted to \$221,300 with a maturity date of May 1, 2031. The interest was charged at a fixed annual interest rate of 0.25% between June 1, 2021 and November 30, 2022. Beginning from December 1, 2022, the loan bears a fixed annual interest rate of 5.5%, and the Company is required to make a monthly installment payment of \$2,721 within the remaining term of loan, with the last installment to be paid in May 2031.

The future maturities of the loan from Thread Capital as of December 31, 2023 are as follows:

<u>12 months ending December 31,</u>	<u>Future repayment</u>
2024	\$ 22,295
2025	23,553
2026	24,881
2027	26,285
2028	27,768
Thereafter	73,706
Total	\$ 198,488

For the above-mentioned long-term borrowings, the Company recorded interest expense of \$31,197 and \$18,641 for the years ended December 31, 2023 and 2022, respectively.

NOTE 14 — RELATED PARTY TRANSACTIONS

a. Nature of relationship with a related party

<u>Name</u>	<u>Relationship with Our Company</u>
Mr. Huan Liu	Chief Executive Officer (“CEO”) and Chairman of the Board of Directors

b. Due to a related party

Amount due to a related party represents amounts due to the Company’s CEO and Chairman of the Board of Directors, Mr. Huan Liu, for funds borrowed for working capital purposes during the Company’s normal course of business. These payables are unsecured, non-interest bearing, and due on demand.

During the years ended December 31, 2023 and 2022, the Company borrowed an aggregate of \$45,798 and \$313,464, respectively, from Mr. Huan Liu directly as working capital and used such funds to purchase vehicles. The Company made repayments to Mr. Huan Liu in the amount of \$32,375 and \$1,449,054 during the years ended December 31, 2023 and 2022, respectively. As a result of these transactions, the balance due to Mr. Huan Liu was \$13,423 as of December 31, 2023.

NOTE 15 — INCOME TAXES

The Company and its operating subsidiaries in United States are subject to the tax law of the United States. The Company elected to file income taxes as a corporation instead of an LLC for the tax years ended December 31, 2020 through December 31, 2022.

(i) *The components of the income tax provision were as follows:*

	For the Years Ended December 31,	
	2023	2022
Current:		
Federal	\$ 7,385	\$ 42,881
State	443	33,538
Total current income tax provision	7,828	76,419
Deferred:		
Federal	35,561	178,279
State	3,268	(20,219)
Total deferred income tax provision	38,829	158,060
Total income tax provision	<u>\$ 46,657</u>	<u>\$ 234,479</u>

(ii) *Reconciliations of the statutory income tax rate to the effective income tax rate were as follows:*

	For the Years Ended December 31,	
	2023	2022
Federal statutory tax rate	\$ 21.0 %	\$ 21.0 %
State statutory tax rate	1.6 %	3.7 %
Non-deductible expenses	0.6 %	0.2 %
Deferred true-up	2.6 %	(2.6)%
Effective tax rate	<u>\$ 25.8 %</u>	<u>\$ 22.3 %</u>

(iii) *Deferred tax assets were composed of the following:*

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carry-forwards	\$ 47,905	\$ 84,496
Others	—	2,238
Total deferred tax assets	<u>\$ 47,905</u>	<u>\$ 86,734</u>

As of December 31, 2022, the Company had a cumulative U.S. federal net operating loss (“NOL”) of \$327,648, which may reduce future federal taxable income. During the year ended December 31, 2023, the Company’s operations utilized NOLs of \$163,295, resulting in a cumulative U.S. federal NOL of \$164,353 as of December 31, 2023, which is carried forward indefinitely. As of December 31, 2023, the Company also had a cumulative state NOL of \$191,759, which may reduce future state taxable income, and the NOL balance as of December 31, 2023 will expire beginning in 2041.

The Company was not previously subject to the interest expense limitation under §163(j) of the U.S. Internal Revenue Code, due to the small business exemption. Its average annual gross receipts for the three tax years preceding 2022 did not exceed the relevant threshold amount (\$27 million for 2022). The Company no longer met the small business exception in 2023, but it met one of the other exceptions to the §163(j) limitation, “floor plan financing indebtedness” (indebtedness used to finance the acquisition of motor vehicles held for sale or lease or secured by such inventory), and therefore continued to be exempt from the §163(j) interest expenses limitation in 2023.

The Company periodically evaluates the likelihood of the realization of deferred tax assets and reduces the carrying amount of the deferred tax assets by a valuation allowance to the extent it believes a portion will not be realized. Management considers new evidence, both positive and negative, that could affect the Company’s future realization of deferred tax assets including its recent cumulative earnings experience, expectation of future income, the carry forward periods available for tax reporting purposes and other relevant factors. The Company believes that it is more likely than not that its deferred tax assets will be realized before expiration.

NOTE 16 — CONCENTRATIONS

Political and economic risk

The operations of the Company are located in the U.S. and the Company’s primary market is in the PRC. Accordingly, the Company’s business, financial condition, and results of operations may be influenced by political, economic, and legal environments in the U.S. and the PRC, as well as by the general state of the U.S. and the PRC economy. The Company’s results may be adversely affected by changes in the political, regulatory, and social conditions in the U.S. and the PRC. Although the Company has not experienced losses from these situations and believes that it is in compliance with existing laws and regulations, including its organization and structure disclosed in Note 1, such experience may not be indicative of future results.

Credit risk

As of December 31, 2023 and 2022, \$432,998 and \$58,381 of the Company’s cash was on deposit at financial institutions in the U.S., respectively, which were insured by the Federal Deposit Insurance Corporation subject to certain limitations. The Company has not experienced any losses in such accounts.

Loans receivable may be secured by the vehicles being financed or unsecured based on the creditworthiness of the borrower, thereby exposing the Company to credit risk. This risk is mitigated by the Company’s assessment of its customers’ creditworthiness and its ongoing monitoring of outstanding balances.

Accounts receivable are typically unsecured and derived from revenue earned from parallel-import car dealers, thereby exposing the Company to credit risk. This risk is mitigated by the Company’s assessment of its parallel-import car dealers’ creditworthiness and its ongoing monitoring of outstanding balances.

Concentrations

The Company’s major customers are parallel-import automobile dealers. For the year ended December 31, 2023, three parallel-import car dealers accounted in total for 98.9% (53.2%, 25.5%, and 20.2%, respectively) of the Company’s total revenue. For the year ended December 31, 2022, three parallel-import car dealers accounted for approximately 65.0% (28.4%, 25.7%, and 10.9%, respectively) of the Company’s total revenue.

As of December 31, 2023, three parallel-import car dealers accounted for 98.0% (58.1%, 28.2%, and 11.7%, respectively) of the accounts receivable balance. As of December 31, 2022, two parallel-import car dealers accounted for approximately 88.7% (77.0% and 11.7%, respectively) of the accounts receivable balance.

For the years ended December 31, 2023 and 2022, one U.S.-based automobile dealership accounted for approximately 8.8% and 8.4%, respectively, of the Company’s total purchases.

NOTE 17 — STOCKHOLDERS' EQUITY***Common Stock***

Cheetah Net was established under the laws of the State of North Carolina on August 9, 2016. Under the Company's amended and restated articles of incorporation on July 11, 2022, the total authorized number of common stocks is 100,000,000 with par value of \$0.0001 per common stock, which consists of 91,750,000 shares of Class A common stock and 8,250,000 shares of Class B common stock. The total number of shares of common stock outstanding is 15,000,000, which consists of 6,750,000 shares of Class A common stock and 8,250,000 shares of Class B common stock. Holders of Class A common stock and Class B common stock have the same rights except for voting and conversion rights. In respect of matters requiring the votes of stockholders, each share of Class A common stock is entitled to one vote, and each share of Class B common stock is entitled to 15 votes. Class B common stock is convertible into Class A common stock at any time after issuance at the option of the holder on a one-to-one basis. Class A common stock is not convertible into shares of any other class. The numbers of authorized and outstanding common stock were retroactively applied as if the transaction occurred at the beginning of the period presented.

On June 27, 2022, the Company entered into a subscription agreement with a group of investors (the "Investors") whereby the Company agreed to sell, and the Investors agreed to purchase, up to 1,666,000 shares of Class A common stock at a purchase price of \$1.80 per share. These Investors are unrelated parties to the Company. The gross proceeds were approximately \$3.0 million, before deducting offering expenses of approximately \$0.3 million. The net proceeds were approximately \$2.7 million, of which approximately \$1.2 million was received in 2022 and \$1.2 million in 2023, for a total receipt of approximately \$2.4 million. After negotiations between Rapid Proceed Limited ("Rapid"), one of the Investors, and the Company regarding the fund's release terms, an agreement was reached on November 2, 2023, stipulating that the outstanding \$600,000 would be paid by Rapid within six months following the Company's IPO. On March 13, 2024, considering the impact of market volatility and the long-term benefits of continued cooperation, Rapid requested and the Company agreed to extend the payment due date of the outstanding \$600,000 to September 30, 2024.

On August 3, 2023, the Company closed its IPO of 1,250,000 shares of Class A common stock at a public offering price of \$4.00 per share, for aggregate gross proceeds of \$5.0 million before deducting underwriting discounts, and other offering expenses, including a grant to the underwriter of a warrant to purchase 62,500 shares of Class A common stock (the "Warrant"), with an exercise price of \$5.00 per share. The Company's Class A common stock began trading on the Nasdaq Capital Market under the ticker symbol "CTNT" on August 1, 2023. As of December 31, 2023, there were 9,666,000 shares of Class A common stock issued and outstanding.

Warrants

The Company accounts for stock warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. The Warrant is equity-classified as a result of being indexed to the Company's Class A common stock and meeting certain equity classification criteria, and the instruments will not be remeasured in subsequent periods as long as the instruments continue to meet these accounting criteria. The fair value of the Warrant was recorded to additional paid-in capital within stockholders' equity.

<u>Title of Warrant</u>	<u>Date Issued</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Total Common Shares Issuable as of December 31, 2023</u>
Equity-classified warrants				
August 2023 – underwriter warrant	8/3/2023	07/31/2026	\$ 5.00	62,500

NOTE 18 — COMMITMENTS AND CONTINGENCIES

On February 8, 2023, ISY1 LLC (the “Plaintiff”) commenced a lawsuit against the Company in the Superior Court of New Jersey. The Plaintiff alleged that the Company offered to pay the Plaintiff to arrange for the transport of certain automobiles for the benefit of the Company, the Plaintiff accepted the Company’s offer and rendered its services by contracting with and paying third parties who transported these automobiles. However, after the Plaintiff submitted the invoices, the Company refused to make the payment on the grounds that the Plaintiff’s services had not met the Company’s expectations. Therefore, the Plaintiff is seeking \$86,355 in monetary damages, reimbursement for all costs and attorneys’ fees, and other relief as the Court may deem just and proper. On October 2, 2023, the Company entered into a settlement agreement with the Plaintiff. The Company agreed to deliver payments totaling \$55,000, half of which was delivered on December 26, 2023. Pursuant to the terms of the settlement agreement, the remaining \$27,500 is scheduled for payment six months following the effective date, with a due date at the end of March 2024.

On February 23, 2023, the Company filed a complaint in the Supreme Court of the State of New York County against Stefanie A. Rehfeld (the “Defendant”), alleging breach of contract as the Defendant had misappropriated an automobile belonging to the Company. Pursuant to an independent contractor agreement dated June 30, 2022 between the Company and the Defendant, the Company hired the Defendant to locate and acquire certain new model luxury vehicles. The Company was obligated to fully fund the purchase of each vehicle, and the Defendant was required to locate and acquire the vehicle and turn over title and possession to the Company in exchange for a commission fee. In February 2023, after the Company fully funded the purchase of a 2023 Mercedes Benz GLS 450 (the “Mercedes”) for a total amount of \$102,593.50, the Defendant obtained possession of the Mercedes from a Mercedes Benz dealership and signed a bill of sale with the Company, whereby she agreed to sell, transfer, and convey the title of the Mercedes to the Company. However, the Defendant failed to transfer the title of the Mercedes to the Company as scheduled. Therefore, the Company is seeking to require the Defendant to transfer title and deliver possession of the Mercedes to the Company and recover the costs incurred in retrieving the car, or alternatively, the monetary damages resulting from the Defendant’s misappropriation of the Mercedes, including court costs and attorneys’ fees and expenses. On April 25, 2023, the Supreme Court of the State of New York County granted the Company’s motion for summary judgment on its second and fourth causes of action. Subsequently, an inquest will be conducted to determine the precise amount owed to the Company. Based on the outcome of the current motion and the Company’s overall assessment of the case, the Company believes it will be successful in this litigation. As of the filing date of this report, the Mercedes has been found by the police and returned to the Company.

NOTE 19 — SUBSEQUENT EVENT

On January 24, 2024, the Company entered into a stock purchase agreement with Edward Transit Express Group Inc., a California corporation (“Edward”), and Juguang Zhang, Edward’s sole stockholder (the “Seller”). Pursuant to the Agreement, the Company agreed to acquire 100% of the equity interest in Edward from the Seller (the “Acquisition”). On February 2, 2024, the Corporation closed the Acquisition for a total purchase price that included a cash payment of \$300,000 and the issuance of 1,272,329 shares of the Company’s unregistered Class A common stock, valued at \$1,200,000.

On March 4, 2024, the Company entered into a warrant termination agreement (the “Agreement”) with Maxim Group LLC (“Maxim”). Pursuant to the terms of the Agreement, the Company agreed to pay Maxim a cash consideration of \$78,125 in full settlement for the termination of the Warrant, previously issued to Maxim in connection with the Company’s IPO. The Warrant, originally issued on August 3, 2023, provided Maxim the right to purchase 62,500 shares of the Company’s Class A common stock. According to the Agreement, the Warrant was fully terminated and rendered null and void as of the effective date of the Agreement. This termination extinguishes all past, present, or future obligations of the parties under the Warrant, except as otherwise expressly provided for in the Agreement. The effective date of the Agreement is acknowledged as the date on which the cash consideration of \$78,125 was received by Maxim.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of December 31, 2023. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management did not identify material weaknesses in our internal control over financial reporting, which is an integral component of our disclosure controls and procedures. 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. However, we do believe we can design and maintain more effective controls in 2024. These may include additions to personnel and or consultants, and formalizing and improving our accounting policies, procedures, and controls. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this Annual Report on Form 10-K. The financial statements were prepared in conformity with the U.S. GAAP and include amounts based on management’s best estimates and judgments. Management believes the financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company’s financial position and results of operations for the periods and as of the dates stated therein. Our audit committee of the board of directors, which is composed solely of independent directors, meets regularly with our independent registered public accounting firm, Assenture PAC, and representatives of management to review accounting, financial reporting, internal control, and audit matters, as well as the nature and extent of the audit effort. The audit committee is responsible for the engagement of the independent auditors. The independent auditors have free access to the audit committee.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control over Financial Reporting

Our management, including the Chief Executive Officer and Chief Financial Officer, 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 Exchange Act). Our management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. Management based this assessment on criteria for effective internal control over financial reporting described in “Internal Control Integrated Framework 2013” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that, as of December 31, 2023, we maintained effective internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

In response to this Item, the information set forth in our Proxy Statement for our 2024 Annual Meeting of Stockholders (the “2024 Proxy Statement”) to be filed within 120 days following the end of our fiscal year, under the headings “Proposal No. 1—Election of Directors,” “Our Executive Officers,” “Section 16(a) Compliance,” and “Corporate Governance Practices and Policies” is incorporated herein by reference.

Item 11. Executive Compensation.

In response to this Item, the information set forth in the 2024 Proxy Statement under the headings “Executive Compensation” and “Corporate Governance Practices and Policies” is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

In response to this Item, the information set forth in the 2024 Proxy Statement under the headings “Executive Compensation” and “Security Ownership of Certain Beneficial Owners and Management” and is hereby incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In response to this Item, the information set forth in the 2024 Proxy Statement under the headings “Certain Relationships and Related Party Transactions” and “Corporate Governance Practices and Policies—Board and Committee Independence” is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

In response to this Item, the information set forth in the 2024 Proxy Statement under the heading “Matters Relating to the Independent Registered Public Accounting Firm” is incorporated herein by reference.

PART IV**Item 15. Exhibit and Financial Statement Schedules***(a) Financial Statements*

We have filed the financial statements in Item 8. Financial Statements and Supplementary Data as a part of this Annual Report on Form 10-K.

(b) Exhibits

The following is a list of all exhibits filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Title	Incorporated by Reference (Unless Otherwise Indicated)			
		Form	File	Exhibit	Filing Date
3.1	Second Amended and Restated Article of Incorporation	S-1	333- 271185	3.1	May 3, 2023
3.2	Bylaws	S-1	001- 271185	3.2	April 7, 2023
4.1	Specimen Stock Certificate	S-1	333- 271185	4.1	April 7, 2023
4.2	Description of Securities	—	—	—	Filed herewith
10.1	Employment Agreement effective as of March 1, 2022 by and between Huan Liu and Cheetah Net	S-1	333- 271185	10.1	April 7, 2023
10.2	Employment Agreement effective as of October 26, 2022 by and between Robert Cook and Cheetah Net	S-1	333- 271185	10.2	April 7, 2023
10.3	Employment Agreement effective as of March 1, 2022 by and between Walter Folker and Cheetah Net	S-1	333- 271185	10.3	April 7, 2023
10.4	Indemnification Agreement dated October 14, 2022 by and between Huan Liu and Cheetah Net	S-1	333- 271185	10.4	April 7, 2023
10.5	Indemnification Agreement dated October 26, 2022 by and between Robert Cook and Cheetah Net	S-1	333- 271185	10.5	April 7, 2023
10.6	Indemnification Agreement dated October 14, 2022 by and between Walter Folker and Cheetah Net	S-1	333- 271185	10.6	April 7, 2023
10.7	Indemnification Agreement dated October 14, 2022 by and between Xianggeng Huang and Cheetah Net	S-1	333- 271185	10.7	April 7, 2023
10.8	Indemnification Agreement dated October 14, 2022 by and between Adam Eilenberg and Cheetah Net	S-1	333- 271185	10.8	April 7, 2023
10.9	Indemnification Agreement dated October 14, 2022 by and between Vladimir Gavrilovic and Cheetah Net	S-1	333- 271185	10.9	April 7, 2023
10.10	Indemnification Agreement dated October 14, 2022 by and between Catherine Chen and Cheetah Net	S-1	333- 271185	10.10	April 7, 2023

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10.11	Director Offer Letter, between Xianggeng Huang and Cheetah Net, dated August 31, 2022	S-1	333- 271185	10.11	April 7, 2023
10.12	Director Offer Letter, between Adam Eilenberg and Cheetah Net, dated September 14, 2022	S-1	333- 271185	10.12	April 7, 2023
10.13	Director Offer Letter, between Vladimir Gavrilovic and Cheetah Net, dated October 3, 2022	S-1	333- 271185	10.13	April 7, 2023
10.14	Director Offer Letter, between Catherine Chen and Cheetah Net, dated August 29, 2022	S-1	333- 271185	10.14	April 7, 2023
10.15	Form of Independent Contractor Agreement between a purchasing agent and Cheetah Net	S-1	333- 271185	10.15	April 7, 2023
10.16	Revolving Line of Credit Agreement dated October 5, 2022 (as amended), by and between Cheetah Net and Asia Finance Investment Limited	—	—	—	Filed herewith
10.17	Revolving Line of Credit Agreement dated October 5, 2022 (as amended), by and between Cheetah Net and Hong Kong Sanyou Petroleum Co Limited	—	—	—	Filed herewith
10.18	Form of Sales Contract by and between a PRC customer and Cheetah Net	S-1	333- 271185	10.19	April 7, 2023
10.19	Form of Sales Agreement by and between a U.S. customer and Cheetah Net	S-1	333- 271185	10.20	April 7, 2023
10.20	Stock Purchase Agreement dated January 24, 2024, by and among Edward Transit Express Group, Inc., Juguang Zhang, and Cheetah Net	8-K	0001-41761	10.1	January 30, 2024
10.21	Amendment No.1 to Stock Purchase Agreement dated January 29, 2024 by and among Edward Transit Express Group, Inc., Juguang Zhang, and Cheetah Net	8-K	001-41761	10.2	January 30, 2024
14.1	Code of Business Conduct and Ethics	S-1	001- 271185	14.1	April 7, 2023
19.1	Inside Trading Policy	—	—	—	Filed herewith
21.1	Subsidiaries	—	—	—	Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Furnished herewith

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32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Furnished herewith
97.1	Compensation Recovery Policy	—	—	—	Filed herewith
101.INS	Inline XBRL Instance Document	—	—	—	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	—	—	—	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—	—	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	—	—	—	Filed herewith

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

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cheetah Net Supply Chain Service Inc.

Date: March 18, 2024

By: /s/ Huan Liu

Name: Huan Liu

Title: Chief Executive Officer, Director, and
Chairman of the Board of Directors
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Huan Liu</u> Name: Huan Liu	Chief Executive Officer, Director, and Chairman of the Board of Directors (Principal Executive Officer)	March 18, 2024
<u>/s/ Robert Cook</u> Name: Robert Cook	Chief Financial Officer (Principal Accounting and Financial Officer)	March 18, 2024
<u>/s/ Xianggeng Huang</u> Name: Xianggeng Huang	Director	March 18, 2024
<u>/s/ Catherine Chen</u> Name: Catherine Chen	Independent Director	March 18, 2024

DESCRIPTION OF SECURITIES

The following is a brief description of the Class A common stock, par value \$0.0001 per share (the “Class A Common Stock”), of Cheetah Net Supply Chain Service Inc. (“Cheetah Net,” “we,” “our,” or “us”). Cheetah Net is a corporation incorporated under the laws of the State of North Carolina, and accordingly our internal corporate affairs are governed by North Carolina law and by our articles of incorporation and bylaws, which have been filed with the U.S. Securities and Exchange Commission as exhibits to our Registration Statement on Form S-1 (File No. 333-271185), initially filed with the U.S. Securities and Exchange Commission on April 7, 2023. The following summary is not complete and is qualified in its entirety by reference to the applicable provisions of North Carolina law and our second amended and restated articles of incorporation and bylaws, which are subject to future amendment in accordance with the provisions thereof. The Class A Common Stock is the only class of our securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Common Stock

On July 11, 2022, our stockholders approved our amended and restated articles of incorporation for reclassification of our authorized shares of common stock into shares of Class A common stock and shares of Class B common stock. On April 28, 2023, our stockholders approved our second amended and restated articles of incorporation, which further specify that we are authorized to issue 91,750,000 shares of Class A common stock, par value \$0.0001 per share, and 8,250,000 shares of Class B common stock, par value \$0.0001 per share. We also have the authority to issue 500,000 shares of preferred stock as deemed necessary with a par value per share equal to the par value per share of the Class A common stock. Holders of Class A common stock and Class B common stock have the same rights except for voting and conversion rights. All of the outstanding shares of Class A and Class B common stock are validly issued, fully paid, and non-assessable. No shares of preferred stock are outstanding.

- *Voting Rights.* Each holder of Class A common stock is entitled to one vote per share of Class A common stock and each holder of Class B common stock is entitled to 15 votes per share of Class B common stock.
- *Conversion Rights.* Shares of Class A common stock are not convertible into shares of any other class. Shares of Class B common stock are convertible into shares of Class A common stock at any time after issuance at the option of the holder on a one-to-one basis.
- *Preemptive Rights.* The holders of our Class A Common Stock have no preemptive rights.
- *Redemption.* We have no obligation or right to redeem our Class A Common Stock.
- *Assets upon Dissolution.* In the event of liquidation, holders of our common stock would be entitled to receive proportionately any assets legally available for distribution to shareholders with respect to shares held by them, subject to any prior rights of any of our preferred stock then outstanding.
- *Distributions.* Subject to preferences that may be applicable to any outstanding preferred stock, holders of our Class A Common Stock are entitled to receive the dividends or distributions that the board of directors may declare out of funds legally available for these payments. Our payment of dividends and distributions is subject to the restrictions of North Carolina law applicable to the declaration of distributions by a corporation. Under North Carolina law, a corporation may not make a distribution if as a result of the distribution the corporation would not be able to pay its debts or would not be able to satisfy any preferential rights preferred shareholders would have if the company were to be dissolved at the time of the distribution.

Articles of Incorporation, Bylaws, and Statutory Provisions Having Potential “Anti-takeover” Effects

The following paragraphs summarize certain provisions of our second amended and restated articles of incorporation, bylaws, and North Carolina law that may have the effect, or be used as a means, of delaying or preventing attempts to acquire or take control of Cheetah Net, or to remove or replace incumbent directors, that are not first approved by our board, even if those proposed actions are favored by our stockholders.

- *Authorized Shares.* Our second amended and restated articles of incorporation currently authorize the issuance of 100,000,000 shares of common stock, par value \$0.0001 per share, including 91,750,000 shares of Class A common stock and 8,250,000 shares of Class B common stock. Our board of directors is authorized to approve the issuance of shares of our common stock from time to time. This provision gives our board flexibility to effect, among other transactions, financings, acquisitions, stock dividends, stock splits, and grants of stock options. However, the authority of our board of directors also could be used, consistent with its fiduciary duty, to deter future attempts to gain control of Cheetah Net by issuing additional common stock to persons friendly to management in order to attempt to block a tender offer, merger or other transaction by which a third party seeks to gain control.
- *Advance Notice of Director Nominations.* Our bylaws provide for advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors. Pursuant to these provisions, to be timely, a stockholder's notice must meet certain requirements with respect to its content and be received at our principal executive offices, addressed to the secretary of our Company, within the proscribed time periods. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our Company.
- *Special Meetings of Stockholders.* Our bylaws provide that special meetings of our stockholders may be called only by or at the direction of (a) our board of directors, (b) the President of Cheetah Net, or (c) stockholders holding at least 20% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.
- *Amendment of Bylaws.* Subject to certain limitations under North Carolina law, our bylaws may be amended or repealed by either our board of directors or our stockholders. Therefore, our board of directors may amend or repeal bylaws without the approval of our stockholders, to the extent permitted under North Carolina law. However, a bylaw adopted, amended, or repealed by our stockholders might not be readopted, amended, or repealed by our board of directors alone unless our articles of incorporation or a bylaw adopted by our stockholders authorizes our board of directors to adopt, amend, or repeal that particular bylaw or the bylaws generally.
- *Action Without Meeting.* To the fullest extent permitted by the North Carolina Business Corporation Act, stockholders may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the North Carolina Business Corporation Act. Unless otherwise permitted by the North Carolina Business Corporation Act, such written consent must be signed by all stockholders.

Effects on our Class A Common Stock If We Issue Preferred Stock

Our board of directors has authority, without further action by the stockholders, to issue up to 500,000 shares of preferred stock as deemed necessary with a par value per share equal to the par value per share of the Class A common stock. Our board of directors is authorized to issue preferred stock in one or more series, to fix the number of shares in each series, and to determine the rights, preferences, and limitations of such stock from time to time. Our ability to issue an indeterminate number of shares of preferred stock with such rights, privileges, and preferences as our board of directors may fix, may have the effect of delaying or preventing a takeover or other change in control of Cheetah Net.

The issuance of any preferred stock may negatively affect the holders of our Class A Common Stock. These possible negative effects include diluting the voting power of shares of our Class A Common Stock and affecting the market price of our Class A Common Stock.

Listing

Our Class A Common Stock is listed on the Nasdaq Capital Market under the ticker symbol "CTNT."

Transfer Agent

The transfer agent of our Class A common stock is Vstock Transfer, LLC. Its address is 18 Lafayette Place, Woodmere, New York 11598.

REVOLVING LINE OF CREDIT AGREEMENT

This Revolving Line of Credit Agreement (the “Agreement”) is made and entered into this **5th day of October 2022** (the “Effective Date”), by and between Asia Finance Investment Limited (the “Lender”) located at located on Flat 1104A, Kai Tak Commercial Building, 317-319 Des Voeus road Central, Hong Kong, China, and Cheetah Net Supply Chain Service Inc (“Borrower”), located at 6201 Fairview Rd Ste 225, Charlotte, NC, USA.

WHEREAS, Asia Finance Investment Limited (the “Lender”) has been providing financial support to Cheetah Net Supply Chain Service Inc (“Borrower”) since early 2022, and both parties reached and maintained long and prosperous relationship,

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Line of Credit. Lenders hereby establishes for a **period of twelve (12) months** from the Effective Date (the “Maturity Date”) a revolving line of credit up to the **maximum amount of Five million dollars (\$5,000,000)** (the “Credit Limit”), representing the maximum aggregate amount of the advances of funds from the Line of Credit (each an “Advance”) that may be outstanding and any time under the Line of Credit (the “Principal Indebtedness”), from which Borrower may draw down, at any time and from time to time during the period from and including the date of this Line of Credit through the day immediately preceding the Maturity Date, a principal amount not to exceed at any one time outstanding, as to all such Advances in the aggregate, the Principal Indebtedness.
2. Renewal and Extension of Line of Credit. Provided that Borrower is not in default under this Agreement or the Promissory Note, at the Maturity Date, the Borrower, at the Borrower’s option may extend and renew this Line of Credit for one additional term of twelve (12) months.
3. Interest. All sums advanced pursuant to this Agreement shall bear interest from the date each Advance is made until paid in full at an interest rate of up to **one and a half percent (1.5%) simple interest per month** (the “Interest Rate”). Interest will be calculated on a daily basis and charged for the actual number of days elapsed.
4. Interest Payments; Repayment. Repayments shall be made in accordance with the terms of a promissory note for the amount of the Credit Limit in substantially the form attached hereto as Exhibit A (the “Promissory Note”). Interest on the then outstanding principal balance shall be payable on a quarterly basis commencing 90 days after the Effective Date and continuing each quarterly thereafter. The entire unpaid principal balance, together with any unpaid accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date.

[Signatures appear on the following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Lender: Asia Finance Investment Limited

By: /s/ PEIZHE HAN

Name: PEIZHE HAN

Title: CEO

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

Exhibit A
PROMISSORY NOTE

The Entity executing this Note in the signatures below:

FOR VALUE RECEIVED, Cheetah Net Supply Chain Service Inc (“Borrower”) promises to pay to the order of Asia Finance Investment Limited ("Lender"), up to the maximum principal sum of Five million dollars (\$5,000,000), or so much thereof as may be disbursed to, or for the benefit of the Borrower by Lender in Lender's sole and absolute discretion. It is the intent of the Borrower and Lender hereunder to create a line of credit agreement between Borrower and Lender whereby Borrower may borrow up to Five million dollars (\$5,000,000) from Lender; provided, however, that Lender has no obligation to lend Borrower any amounts hereunder and the decision to lend such money lies in the sole and complete discretion of the Lender.

INTEREST & PRINCIPAL: The unpaid principal of this line of credit shall bear simple interest at the rate of up to one and a half percent (1.5%) per month. Interest shall be calculated based on the principal balance as may be adjusted from time to time to reflect additional advances. Interest on the unpaid balance of this Note shall accrue monthly but shall not be due and payable until such time as when the principal balance of this Note becomes due and payable. The principal balance of this Note shall be due and payable on the Maturity Date. There shall be no penalty for early repayment of all or any part of the principal.

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

FIRST AMENDMENT TO 2022 REVOLVING CREDIT AGREEMENT

This **FIRST AMENDMENT TO 2022 REVOLVING CREDIT AGREEMENT** (this "Amendment"), dated as of Dec 12, 2022, is entered into by and among (a) **Cheetah Net Supply Chain Service Inc.**, (the "Borrower"), located at 6201 Fairview Rd Ste 225, Charlotte, NC, USA. (b) **Asia Finance Investment Limited**, (the "Lender") located at Flat 1104A, Kai Tak Commercial Building, 317-319 Des Voeus road Central, Hong Kong, China.

WHEREAS, Asia Finance Investment Limited (the "Lender") has been providing financial support to Cheetah Net Supply Chain Service Inc ("Borrower ") since early 2022, and both parties reached and maintained long and prosperous relationship,

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

Line of Credit. Lender and Borrower agree to extend a period of twelve (12) months from the effective Date (the "Maturity Date") to a period of eighteen (18) months from the effective date (the "Maturity Date"), Maturity Date of the revolving credit facility from October 2023 to April 2024 .

Defined Terms. Capitalized terms used but not defined herein shall have the same meanings herein as in the Revolving Credit Agreement, as amended hereby .

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Lender: Asia Finance Investment Limited

By: /s/ PEIZHE HAN

Name: PEIZHE HAN

Title: CEO

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

REVOLVING LINE OF CREDIT AGREEMENT

This Revolving Line of Credit Agreement (the “Agreement”) is made and entered into this **5th day of October 2022** (the “Effective Date”), by and between Hongkong Sanyou Petroleum Co Limited (the “Lender”) located at located on Sino Centre, Nathan Road, Yau Tsim Mong, Hong Kong, China, and Cheetah Net Supply Chain Service Inc (“Borrower”), located at 6201 Fairview Rd Ste 225, Charlotte, NC, USA.

WHEREAS, Hongkong Sanyou Petroleum Co Limited (the “Lender”) has been providing financial support to Cheetah Net Supply Chain Service Inc (“Borrower”) since 2021, and both parties reached and maintained long and prosperous relationship,

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Line of Credit. Lenders hereby establishes for a **period of twelve (12) months** from the Effective Date (the “Maturity Date”) a revolving line of credit up to the **maximum amount of Ten million dollars (\$10,000,000)** (the “Credit Limit”), representing the maximum aggregate amount of the advances of funds from the Line of Credit (each an “Advance”) that may be outstanding and any time under the Line of Credit (the “Principal Indebtedness”), from which Borrower may draw down, at any time and from time to time during the period from and including the date of this Line of Credit through the day immediately preceding the Maturity Date, a principal amount not to exceed at any one time outstanding, as to all such Advances in the aggregate, the Principal Indebtedness.
2. Renewal and Extension of Line of Credit. Provided that Borrower is not in default under this Agreement or the Promissory Note, at the Maturity Date, the Borrower, at the Borrower’s option may extend and renew this Line of Credit for one additional term of twelve (12) months.
3. Interest. All sums advanced pursuant to this Agreement shall bear interest from the date each Advance is made until paid in full at an interest rate of up to **one and a half percent (1.5%) simple interest per month** (the “Interest Rate”). Interest will be calculated on a daily basis and charged for the actual number of days elapsed.
4. Interest Payments; Repayment. Repayments shall be made in accordance with the terms of a promissory note for the amount of the Credit Limit in substantially the form attached hereto as Exhibit A (the “Promissory Note”). Interest on the then outstanding principal balance shall be payable on a quarterly basis commencing 90 days after the Effective Date and continuing each quarterly thereafter. The entire unpaid principal balance, together with any unpaid accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date.

[Signatures appear on the following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Lender: Hongkong Sanyou Petroleum Co Limited

By: /s/ Kun Yang

Title: CEO

Name: Kun Yang

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

Exhibit A
PROMISSORY NOTE

The Entity executing this Note in the signatures below:

FOR VALUE RECEIVED, Cheetah Net Supply Chain Service Inc (“Borrower”) promises to pay to the order of Hongkong Sanyou Petroleum Co Limited (“Lender”), up to the maximum principal sum of Ten million dollars (\$10,000,000), or so much thereof as may be disbursed to, or for the benefit of the Borrower by Lender in Lender's sole and absolute discretion. It is the intent of the Borrower and Lender hereunder to create a line of credit agreement between Borrower and Lender whereby Borrower may borrow up to Ten million dollars (\$10,000,000) from Lender; provided, however, that Lender has no obligation to lend Borrower any amounts hereunder and the decision to lend such money lies in the sole and complete discretion of the Lender.

INTEREST & PRINCIPAL: The unpaid principal of this line of credit shall bear simple interest at the rate of up to one and a half percent (1.5%) per month. Interest shall be calculated based on the principal balance as may be adjusted from time to time to reflect additional advances. Interest on the unpaid balance of this Note shall accrue monthly but shall not be due and payable until such time as when the principal balance of this Note becomes due and payable. The principal balance of this Note shall be due and payable on the Maturity Date. There shall be no penalty for early repayment of all or any part of the principal.

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

FIRST AMENDMENT TO 2022 REVOLVING CREDIT AGREEMENT

This **FIRST AMENDMENT TO 2022 REVOLVING CREDIT AGREEMENT** (this "Amendment"), dated as of Dec 12, 2022, is entered into by and among (a) **Cheetah Net Supply Chain Service Inc.**, (the "Borrower"), located at 6201 Fairview Rd Ste 225, Charlotte, NC, USA.(b) **Hongkong Sanyou Petroleum Co Limited** (the "Lender") located at located on Sino Centre, Nathan Road, Yau Tsim Mong, Hong Kong, China.

WHEREAS, Hongkong Sanyou Petroleum Co Limited (the "Lender") has been providing financial support to Cheetah Net Supply Chain Service Inc ("Borrower") since early 2021, and both parties reached and maintained long and prosperous relationship,

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

Line of Credit. Lender and Borrower agree to extend a period of twelve (12) months from the effective Date (the "Maturity Date") to a period of eighteen (18) months from the effective date (the "Maturity Date"), Maturity Date of the revolving credit facility from October 2023 to April 2024.

Defined Terms. Capitalized terms used but not defined herein shall have the same meanings herein as in the Revolving Credit Agreement, as amended hereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Lender: Hongkong Sanyou Petroleum Co Limited

By: /s/ Kun Yang

Name: Kun Yang

Title: CEO

Borrower: Cheetah Net Supply Chain Service Inc

By: /s/ HUAN LIU

Name: HUAN LIU

Title: CEO

INSIDER TRADING COMPLIANCE MANUAL
CHEETAH NET SUPPLY CHAIN SERVICE INC.

Adopted November 8, 2023

In order to take on an active role in the prevention of insider trading violations by its officers, directors, employees, consultants, advisors, and other related individuals, the Board of Directors (the “**Board**”) of Cheetah Net Supply Chain Service Inc., a North Carolina corporation (the “**Company**”), has adopted the policies and procedures described in this Insider Trading Compliance Manual.

I. Adoption of Insider Trading Policy.

Effective as of the date written above, the Company has adopted the Insider Trading Policy (the “**Policy**”), which prohibits trading based on material non-public information regarding the Company and its subsidiaries (“**Inside Information**” or “**MNPI**”). The Policy covers (i) all officers and directors of the Company and its subsidiaries, (ii) all other employees of the Company and its subsidiaries (iii) any beneficial owners of 5% or more of the Company’s registered securities of any class; (iv) any consultants, advisors, or other third parties to the Company or its subsidiaries determined by the Chief Compliance Officer in consultation with legal counsel to be in possible possession of MNPI, and (v) members of the immediate family or household of any such person. The Policy (and/or a summary thereof) is to be delivered to all new officers, directors, employees, 5% or greater stockholders, consultants, advisors, and related individuals who are within the categories of covered persons upon the commencement of their relationships with the Company, and is to be circulated to all covered personnel at least annually.

II. Designation of Certain Persons.

A. Section 16 Insiders and Section 13(d) Individuals. Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), prohibits “short-swing” profits by all directors and executive officers of the Company, and any direct or indirect beneficial owner of 10% or more of any of the Company’s equity securities of any class (collectively, the “**Section 16 Insiders**”) and such Section 16 Insiders, in addition to any beneficial owners of 5% or more of the Company’s registered securities of any class, are subject to the reporting and liability provisions

of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder (collectively, the “**Section 13(d) Individuals**”).

Under Sections 13(d) and 13(g) of the Exchange Act, and the U.S. Securities and Exchange Commission (the “**SEC**”) related rules, subject to certain exemptions, any person who after acquiring, directly or indirectly the beneficial ownership of a certain class of equity securities, becomes, either directly or indirectly, the beneficial owner of more than 5% of such class must deliver a statement to the issuer of the security and to each exchange where the security is traded. Delivery to each exchange can be satisfied by making a filing on EDGAR (as defined below). In addition, Section 13(d) Individuals must file with the SEC a statement containing certain information, as well as any additional information that the SEC may deem necessary or appropriate in the public interest or for the protection of investors. Attached hereto as Exhibit A is a separate memorandum which discusses the relevant terms of Section 13.

B. Other Persons Subject to Policy. In addition, certain employees, consultants, advisors, or other third parties to the Company as described in Section I above have, or are likely to have, from time to time access to MNPI and together with the Section 13(d) Individuals, are subject to the Policy.

III. Appointment of Chief Compliance Officer.

The Company has appointed Robert Cook as the Company’s Chief Compliance Officer (the “**Compliance Officer**”).

IV. Duties of the Compliance Officer.

The Compliance Officer has been designated by the Board to handle any and all matters relating to the Company’s Insider Trading Compliance Program. Certain duties may be delegated to outside counsel with special expertise in securities issues and relevant law. The duties of the Compliance Officer shall include the following:

A. Pre-clearing all transactions involving the Company’s securities by the Section 16 Insiders and Section 13(d) Individuals and those individuals having regular access to MNPI, defined for these purposes to include all officers, directors, employees of the Company and its

subsidiaries, any consultants, advisors, or other third parties to the Company or its subsidiaries determined by the Chief Compliance Officer in consultation with legal counsel to be in possible possession of MNPI, and members of the immediate family or household of any such person, in order to determine compliance with the Policy, insider trading laws, Section 13 and Section 16 of the Exchange Act and Rule 144 promulgated under the Securities Act of 1933, as amended. Attached hereto as Exhibit B is a Pre-Clearance Checklist to assist the Compliance Officer in the performance of his duties hereunder.

B. Assisting in the preparation and filing of Section 13(d) reports for all Section 13(d) Individuals, although the filings are their individual obligations.

C. Assisting in the preparation and filing of Forms 3, 4, and 5 under Section 16 of the Exchange Act.

D. Serving as the designated recipient at the Company of copies of reports filed with the SEC by Section 13(d) Individuals under Section 13(d) of the Exchange Act.

E. Performing periodic reviews of available materials, which may include Schedule 13D, Schedule 13G, Form 144, officers' and directors' questionnaires, as applicable, and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to MNPI.

F. Circulating the Policy (and/or a summary thereof) to all covered employees on an annual basis, and providing the Policy and other appropriate materials to new officers, directors and others who have, or may have, access to MNPI.

G. Assisting the Board in implementing the Policy and Sections I and II of this memorandum.

H. Coordinating with Company counsel regarding all securities compliance matters.

I. Retaining copies of all appropriate securities reports, and maintaining records of his activities as Compliance Officer.

ACKNOWLEDGMENT

I hereby acknowledge that I have received a copy of the **Insider Trading Compliance Manual** (the “**Insider Trading Manual**”) of Cheetah Net Supply Chain Service Inc. Further, I certify that I have reviewed the Insider Trading Manual, understand the policies and procedures contained therein and agree to be bound by and adhere to these policies and procedures.

Dated: _____

Name:

CHEETAH NET SUPPLY CHAIN SERVICE INC.

INSIDER TRADING POLICY

and Guidelines with Respect to Certain Transactions in the Company's Securities

SECTION I

APPLICABILITY OF POLICY

This Policy applies to all transactions in the Company's securities, including shares of Class A common stock, options and warrants to purchase Class A common stock, and any other securities the Company may issue from time to time, such as preferred stock, and convertible debentures, as well as derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options. It applies to all officers and directors of the Company, all other employees of the Company and its subsidiaries, all secretaries and assistants supporting such directors, officers, and/or employees, any beneficial owners of 5% or more of the Company's registered securities of any class, any consultants, advisors, or other third parties to the Company or its subsidiaries who have or may have access to material non-public information (or "MNPI," as defined below) regarding the Company, and members of the immediate family or household of any such person. This group of people is sometimes referred to in this Policy as "Insiders." This Policy also applies to any person who receives MNPI from any Insider.

Any person who possesses MNPI regarding the Company is an Insider for so long as such information is not publicly known.

SECTION II

DEFINITION OF MATERIAL NON-PUBLIC INFORMATION

It is not possible to define all categories of material information. However, information should be regarded as "material" if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's securities. Material information may be positive or negative. "Non-public Information" is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

While it may be difficult to determine whether any particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- Financial results;
- Entry into a material agreement or discussions regarding entry into a material agreement;
- Projections of future earnings or losses;
- Major contract awards, cancellations or write-offs;
- Joint ventures or commercial ventures with third parties;
- News of a pending or proposed merger or acquisition;
- News of the disposition of material assets;
- Impending bankruptcy or financial liquidity problems;
- Gain or loss of a significant line of credit;
- Significant breach of a material agreement;
- New business or services announcements of a significant nature;
- Stock splits;
- New equity or debt offerings;
- Significant litigation exposure due to actual or threatened litigation;
- Changes in senior management or the Board;
- Capital investment plans; and
- Changes in dividend policy.

All of the foregoing categories of information and any similar information should be considered MNPI for purposes of this Policy. **If there are any questions regarding whether a particular item of information is MNPI, please consult the Compliance Officer or the Company's legal counsel before taking any action with respect to such information.**

SECTION III

CERTAIN EXCEPTIONS

For purposes of this Policy, the Company considers that the exercise of stock options under the Company's stock option plan (but not the sale of any such shares) is exempt from this Policy, since the other party to the transaction involving only the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

SECTION IV

STATEMENT OF POLICY

General Policy

It is the policy of the Company to prohibit the unauthorized disclosure of any non-public information acquired in the workplace and the misuse of MNPI in securities trading.

Specific Policies

1. Trading on MNPI. With certain exceptions, no officer or director of the Company, no employee of the Company or its subsidiaries, and no consultant, advisor, or other third parties to the Company or any of its subsidiaries determined by the Chief Compliance Officer in consultation with legal counsel to be in possible possession of MNPI, and no members of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses MNPI concerning the Company, and ending 48 hours following the date of public disclosure of that information, or at such time as such non-public information is no longer material. However, see "Permitted Trading Period" below for a full discussion of trading pursuant to a pre-established plan or by delegation.

2. Tipping. No Insider shall disclose ("tip") MNPI to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of MNPI as to trading in the Company's securities.

Regulation FD (Fair Disclosure) ("**Disclosure Regulation**") is an issuer disclosure rule

implemented by the SEC that addresses selective disclosure. The Disclosure Regulation provides that when the Company, or person acting on its behalf, discloses MNPI to certain enumerated persons (in general, securities market professionals and holders of the Company's securities who may well trade on the basis of the information), it must make public disclosure of that information. The timing of the required public disclosure depends on whether the selective disclosure was intentional or unintentional; for an intentional selective disclosure, the Company must make public disclosures simultaneously; for a non-intentional disclosure, the Company must make public disclosure promptly. Under the Disclosure Regulation, the required public disclosure may be made by filing or furnishing a Form 8-K, or by another method or combination of methods that is reasonably designed to effect broad, non-exclusionary distribution of the information to the public.

It is the Company's policy that all communications with the press be handled through our Chief Financial Officer (CFO) or investor/public relations firm. Please refer all press, analyst or similar requests for information to the Company's CFO and do not respond to any inquiries without prior authorization from the Company's CFO. If the Company's CFO is unavailable, the Company's Chief Executive Officer will fill this role.

3. Confidentiality of Non-public Information. Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information (including, without limitation, via email or by posting on Internet message boards or blogs, anonymously or otherwise) is strictly forbidden.

4. Duty to Report Inappropriate and Irregular Conduct. All employees, and particularly executives, managers and/or supervisors, have a responsibility for maintaining financial integrity within the Company, and being consistent with generally accepted accounting principles and both federal and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or irregularities, whether by witnessing the incident or being told of it, must report it to their immediate supervisor and to the chairman of the Company's Audit Committee of the Board. For a more complete understanding of this issue, employees should consult their employee manual and or seek the advice of the Company's general counsel or outside counsel. Our outside securities counsel is Hunter Taubman Fischer & Li LLC, attention: Ying Li, Esq. at (212) 530-2206, email yli@htflawyers.com.

SECTION V

POTENTIAL CRIMINAL AND CIVIL LIABILITY

AND/OR DISCIPLINARY ACTION

1. **Liability for Insider Trading.** Insiders may be subject to penalties of up to \$5,000,000 and up to twenty (20) years in jail for engaging in transactions in the Company's securities at a time when they possess MNPI regarding the Company, regardless of whether such transactions were profitable. In addition, the SEC has the authority to seek a civil monetary penalty of up to three times the amount of profit gained or loss avoided by illegal insider trading. "Profit gained" or "loss avoided" generally means the difference between the purchase or sale price of the Company's stock and its value as measured by the trading price of the stock a reasonable period after public dissemination of the non-public information.

2. **Liability for Tipping.** Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed MNPI regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the Financial Industry Regulatory Authority, Inc. use sophisticated electronic surveillance techniques to monitor *all trades* and uncover insider trading.

3. **Possible Disciplinary Actions.** Individuals subject to the Policy who violate this Policy shall also be subject to disciplinary action by the Company, which may include suspension, forfeiture of perquisites and ineligibility for future participation in the Company's equity incentive plans and/or termination of employment.

SECTION VI

PERMITTED TRADING PERIOD

1. **Black-Out Period and Trading Window.**

To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all officers, directors, employees, and all members of the immediate family or household of any such person refrain from conducting any transactions involving the purchase or sale of the Company's securities, other than during the period in any fiscal quarter commencing

48 hours following the date of public disclosure of the quarterly or annual financial results for the prior fiscal quarter or year on a Form 10-Q or 10-K and ending on the close of the last Trading Day of the third month of the fiscal quarter (the “**Trading Window**”). Notwithstanding the foregoing, persons subject to this Policy may submit a request to the Company to purchase or sell the Company’s securities outside the Trading Window on the basis that they do not possess any MNPI. The Compliance Officer shall review all such requests and may grant such requests on a case-by-case basis if he determines that the person making such request does not possess any MNPI at that time. As used herein, the term “Trading Day” shall mean a day on which national stock exchanges are open for trading.

Please be advised that these guidelines are merely estimates. The actual trading window may be different because the Company’s quarterly report may be filed earlier or later. The filing date of a quarterly report may fall on a weekend or the Company may delay filing a quarterly report due to an extension. Please check with the Compliance Officer to confirm whether the trading window is open.

The safest period for trading in the Company’s securities, assuming the absence of MNPI, is generally the first ten Trading Days of the Trading Window. It is the Company’s policy that the period when the Trading Window is “closed” is a particularly sensitive period of time for transactions in the Company’s securities from the perspective of compliance with applicable securities laws. This is because the officers, directors, and certain other employees are, as any quarter progresses, increasingly likely to possess MNPI about the expected financial results for the quarter. The purpose of the Trading Window is to avoid any unlawful or improper transactions or even the appearance of any such transactions.

It should be noted that even during the Trading Window any person possessing MNPI concerning the Company shall not engage in any transactions involving the Company’s securities until at least 48 hours following the public disclosure of such MNPI. The Company has adopted the policy of delaying trading for “at least 48 hours” because the securities laws require that the public be informed effectively of previously undisclosed material information before Insiders trade in the Company’s stock. Public disclosure may occur through a widely disseminated press release or through filings, such as Form 8-K, with the SEC. Furthermore, in order for the public to be effectively informed, the public must be given time to evaluate the information disclosed by the Company. Although the amount of time necessary for the public to evaluate the information may vary depending on the complexity of the information, a minimum of 48 hours is typically sufficient.

From time to time, the Company may also require that directors, officers, selected employees, and others suspend trading because of developments known to the Company and not

yet disclosed to the public. In such event, such persons may not engage in any transaction involving the purchase or sale of the Company's securities during such period and may not disclose to others the fact of such suspension of trading.

Although the Company may from time to time require during a Trading Window that directors, officers, selected employees, and others suspend trading because of developments known to the Company and not yet disclosed to the public, **each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in the Company's securities during the Trading Window should not be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.**

Notwithstanding these general rules, Insiders may trade outside of the Trading Window provided that such trades are made pursuant to a pre-established plan or by delegation. These alternatives are discussed in the next section.

2. Trading According to a Pre-established Plan or by Delegation.

Trading which is not "on the basis of" MNPI may not give rise to insider trading liability. The SEC has adopted Rule 10b5-1 under which insider trading liability can be avoided if Insiders follow very specific procedures. In general, such procedures involve trading according to pre-established instructions (a "**Pre-established Trade**").

Pre-established Trades must:

- (a) Be documented by a contract, written plan, or formal instruction which provides that the trade take place in the future.** For example, an Insider can contract to sell his or her shares on a specific date, or simply delegate such decisions to an investment manager, 401(k) plan administrator or a similar third party. This documentation must be provided to the Compliance Officer;
- (b) Include in its documentation the specific amount, price and timing of the trade, or the formula for determining the amount, price and timing.** For example, the Insider can buy or sell shares in a specific amount and on a specific date each month, or according to a pre-established percentage (of the Insider's salary, for example) each time that the share price falls or rises to pre-established

levels. In the case where trading decisions have been delegated, the specific amount, price and timing need not be provided;

(c) **Include additional representation in its documentation for Directors and Officers.** If the person who entered into the pre-established contract, written plan, or formal instruction (discussed in Section VI.2(a) above) is a director or officer of the Company, such director or officer shall include a representation certifying that, on the date of adoption of the pre-established contract, plan, or instruction, (i) he or she is not aware of any MNPI about the Company or its securities, and (ii) he or she is adopting the pre-established contract, plan, or instruction in good faith and not as part of a plan or scheme to evade prohibitions on inside trading;

(d) **Be implemented at a time when the Insider does not possess MNPI and Upon the Expiration of a Cooling-Off Period.** As a practical matter, this means that the Insider may set up Pre-established Trades, or delegate trading discretion, only during a “Trading Window” (discussed in Section VI.1 above); *provided that* (i) any director or officer of the Company may not conduct a Pre-established Trade until the expiration of a cooling-off period, consisting of the later of (A) 90 days after the adoption or modification of the pre-established contract, plan, or instruction, and (B) two business days following the disclosure of the Company’s financial results on a Form 10-K or Form 10-Q (but, in any event, this required cooling period is subject to a maximum of 120 days after adoption of the pre-established contract, plan, or instruction), and (ii) any other persons, who are covered by the Policy (as discussed in Section I above) and are not directors or officers, may not conduct a Pre-established Trade until the expiration of a cooling-off period that is 30 days after the adoption of the pre-established contract, plan, or instruction; and,

(e) **Remain beyond the scope of the Insider’s influence after implementation.** In general, the Insider must allow the Pre-established Trade to be executed without changes to the accompanying instructions, and the Insider cannot later execute a hedge transaction that modifies the effect of the Pre-established Trade. An Insider wishing to change the amount, price or timing of a Pre-established Trade, or terminate a Pre-established Trade, can do so only during a “Trading Window” (discussed in Section 1, above). If the Insider has delegated decision-making authority to a third party, the Insider cannot subsequently influence the third party in any way and such third party must not possess MNPI at the time of any of the trades.

Prior to implementing a pre-established plan for trading, all officers and directors must receive the approval for such plan from the Compliance Officer. In addition, Insiders are generally prohibited from having more than one pre-established contract, plan, or instruction covering the same time period for open market purchase of sales of the Company's securities, unless one of the exceptions under 17 C.F.R 240.10b5-1(c)(1)(ii)(D) is met. Furthermore, Issuers are prohibited from entering into more than one pre-established contract, plan, or instruction, which is designed to effect open-market purchase or sale of the Company's securities as a single transaction, for any given 12-month period.

3. Pre-Clearance of Trades.

Even during a Trading Window, all officers, directors, employees, any consultants, advisors, or other third parties to the Company or its subsidiaries determined by the Chief Compliance Officer in consultation with legal counsel to be in possible possession of MNPI, and members of the immediate family or household of such individuals, must comply with the Company's "pre-clearance" process prior to trading in the Company's securities, implementing a pre-established plan for trading, or delegating decision-making authority over the Insider's trades. To do so, each such Insider must contact the Compliance Officer prior to initiating any of these actions. Trades executed pursuant to a properly implemented Pre-Established Trade approved by the Compliance Officer do not need to be pre-cleared. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from certain individuals other than those mentioned above. Upon completion of any trade as contemplated under this Policy, each Insider is also required to report the details of any such trade to the Chief Compliance Officer, including, without limitation, the trade date, the number of shares purchased or sold, the purchase or selling price, as well as whether the trade was conducted pursuant to a Pre-Established Trade approved by the Chief Compliance Office.

4. Individual Responsibility.

As Insiders, every person subject to this Policy has the individual responsibility to comply with this Policy against insider trading, regardless of whether the Company has established a Trading Window applicable to that Insider or any other Insiders of the Company. Each individual, and not necessarily the Company, is responsible for his or her own actions and will be individually responsible for the consequences of their actions. Therefore, appropriate judgment, diligence and caution should be exercised in connection with any trade in the Company's securities. An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the MNPI and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

5. Exceptions to the Policy.

Any exceptions to this Policy may only be made by advance written approval of each of: (i) the CEO, (ii) the Compliance Officer and (iii) the Chairman of the Audit Committee of the Board (or the Chairman of the Board if an Audit Committee has not been established). Any such exceptions shall be immediately reported to the remaining members of the Board.

SECTION VII

APPLICABILITY OF POLICY TO MNPI

REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to MNPI relating to other companies, including the Company's customers, vendors or suppliers or potential acquisition targets ("**business partners**"), when that information is obtained in the course of employment or performance of other services on behalf of the Company. Civil and criminal penalties, as well as the termination of employment, may result from trading on MNPI regarding the Company's business partners. All employees should treat MNPI about the Company's business partners with the same care as is required with respect to the information relating directly to the Company.

SECTION VIII

PROHIBITION AGAINST BUYING AND SELLING

**COMPANY CLASS A COMMON STOCK WITHIN A SIX-MONTH PERIOD UNDER
SECTION 16 OF THE EXCHANGE ACT**

Generally, purchases and sales (or sales and purchases) of Class A common stock of the Company occurring within any six-month period in which a mathematical profit is realized result in prohibited “short-swing profits”. The prohibition against short-swing profits is found in Section 16 of the Exchange Act. Section 16 was drafted as a rather arbitrary prohibition against profitable “insider trading” in a company’s securities within any six-month period regardless of the presence or absence of MNPI that may affect the market price of those securities. Each executive officer, director, and 10% or greater stockholder of the Company is subject to the prohibition against short-swing profits under Section 16. The measure of damages is the profit computed from any purchase and sale or any sale and purchase within the short-swing (i.e., six-month) period, without regard to any setoffs for losses, any first-in or first-out rules, or the identity of the shares of common stock. This approach sometimes has been called the “lowest price in, highest price out” rule and can result in a realization of “profits” for Section 16 purposes even when such officer, director, and 10% or greater stockholder of the Company has suffered a net loss on his or her trades.

SECTION IX

INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the Compliance Officer.

Exhibit A

Section 13 Memorandum

To: All Officers, Directors and 5% or greater Stockholders (“Insider”)

Re: Overview of Section 13 Under the Exchange Act of 1934, as amended

A. Introduction.

This Memorandum provides an overview of Section 13 of the Exchange Act of 1934, as amended (the “**Exchange Act**”), and the related rules promulgated by the SEC.

Each executive officer, director and 5% or greater stockholder (commonly called an “Insider”) of Cheetah Net Supply Chain Service Inc. (the “Company”) is personally responsible for complying with the provisions of Section 13, and failure by an Insider to comply strictly with his or her reporting requirements will result in an obligation by the Company to publicly disclose such failure. Moreover, Congress has granted the SEC authority to seek monetary court-imposed fines on Insiders who fail to timely comply with their reporting obligations.

Under Section 13 of the Exchange Act, reports made to the SEC are filed on Schedule 13D, Schedule 13G, Form 13F, and Form 13H. A securities firm (and, in some cases, its parent company or other control persons) generally will have a Section 13 reporting obligation if the firm directly or indirectly:

- beneficially owns, in the aggregate, more than 5% of a class of the voting, equity securities (the “**Section 13(d) Securities**”):
 - registered under Section 12 of the Exchange Act,
 - issued by any closed-end investment company registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), or
-

- issued by any insurance company that would have been required to register its securities under Section 12 of the Exchange Act but for the exemption under Section 12(g)(2)(G) thereof (see Schedules 13D and 13G: Reporting Significant Acquisition and Ownership Positions below);
- manages discretionary accounts that, in the aggregate, hold equity securities trading on a national securities exchange with an aggregate fair market value of \$100 million or more; or
- manages discretionary accounts that, in the aggregate, purchase or sell any NMS securities¹ (generally exchange-listed equity securities and standardized options) in an aggregate amount equal to or greater than (i) 2 million shares or shares with a fair market value of over \$20 million during a day, or (ii) 20 million shares or shares with a fair market value of over \$200 million during a calendar month.

B. Reporting Requirements Under Section 13(d) and 13(g).

1. *General.* Sections 13(d) and 13(g) of the Exchange Act require any person or group of persons² who directly or indirectly acquires or has beneficial ownership³ of more than 5% of a class of an issuer's Section 13(d) Securities (the "**5% threshold**") to report such beneficial ownership on Schedule 13D or Schedule 13G, as appropriate. Both Schedule 13D and Schedule 13G require background information about the reporting persons and the Section 13(d) Securities listed on the schedule, including the name, address, and citizenship or place of organization of each reporting person, the amount of the securities beneficially owned and aggregate beneficial ownership percentage, and whether voting and investment power is held solely by the reporting persons or shared with others. Reporting persons that must report on Schedule 13D are also required to disclose a significant amount of additional information, including certain disciplinary events, the source and amount of funds or other consideration used to purchase the Section 13(d) Securities, the purpose of the acquisition, any plans to change or influence the control of the issuer,

¹ "NMS Security" is defined in 17 C.F.R. 242.600(b)(46) as "any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in listed options.

² A "group" is defined in Rule 13d-5 as "two or more persons [that] agree to act together for the purpose of acquiring, holding, voting or disposing of equity securities of an issuer." See, for example, the persons described above in *Reporting Obligations of "Control Persons"*. An agreement to act together does not need to be in writing and may be inferred by the SEC or a court from the concerted actions or common objective of the group members.

³ Under Rule 13d-3, "**beneficial ownership**" of a security exists if a person, directly or indirectly, through any contract, arrangement, understanding, or relationship or otherwise, has or shares voting power and/or investment power over a security. "**Voting power**" means the power to vote or direct the voting of a security. "**Investment power**" means the power to dispose of or direct the disposition of a security. Under current SEC rules, a person holding securities-based swaps or other derivative contracts may be deemed to beneficially own the underlying securities if the swap or derivative contract provides the holder with voting or investment power over the underlying securities. Please contact us if you would like guidance regarding the application of Section 13 to securities-based swaps or other derivative contracts.

and a list of any transactions in the securities effected in the last 60 days. A reporting person may use the less burdensome Schedule 13G if it meets certain criteria described below.

In general, Schedule 13G is available to any reporting person that falls within one of the following three categories:

- *Exempt Investors.* A reporting person is an “Exempt Investor” if the reporting person beneficially owns more than 5% of a class of an issuer’s Section 13(d) Securities at the end of a calendar year, but its acquisition of the securities is exempt under Section 13(d)(6) of the Exchange Act. For example, a person that acquired all of its Section 13(d) Securities prior to the issuer’s registration of such securities (or class of securities) under the Exchange Act, or acquired no more than 2% of the Section 13(d) Securities within a 12-month period, is considered to be an Exempt Investor and would be eligible to file reports on Schedule 13G.
- *Qualified Institutions.* Along with certain other institutions listed under the Exchange Act⁴, a reporting person that is a registered investment adviser or broker-dealer may file a Schedule 13G as a “Qualified Institution” if it (a) acquired its position in a class of an issuer’s Section 13(d) Securities in the ordinary course of its business, (b) did not acquire such securities with the purpose or effect of changing or influencing control of the issuer, nor in connection with any transaction with such purpose or effect (such purpose or effect, an “**activist intent**”), and (c) promptly notifies any discretionary account owner on whose behalf the firm holds more than 5% of the Section 13(d) Securities of such account owner’s potential reporting obligation.
- *Passive Investors.* A reporting person is a “Passive Investor” if it beneficially owns more than 5% but less than 20% of a class of an issuer’s Section 13(d) Securities and (a) the securities were not acquired or held with an activist intent, and (b) the securities were not acquired in connection with any transaction having an activist intent. There is no requirement that a Passive Investor limit its acquisition of Section 13(d) Securities to purchases made in the ordinary course of its business. In addition, a Passive Investor does not have an obligation to notify discretionary account owners on whose behalf the firm

⁴ Under Rule 13d-1, a reporting person also qualifies as a Qualified Institution if it is a bank as defined in Section 3(a)(6) of the Exchange Act, an insurance company as defined in Section 3(a)(19) of the Exchange Act, an investment company registered under the Investment Company Act, or an employee benefit plan, savings association, or church plan. The term “Qualified Institution” also includes a non-U.S. institution that is the functional equivalent of any of the foregoing entities and the control persons and parent holding companies of an entity that qualifies as a Qualified Institution.

holds more than 5% of such Section 13(d) Securities of such account owner's potential reporting obligation.

2. Method of Filing.

(a) An Insider must file Section 13 schedules in electronic format via the Commission's Electronic Data Gathering Analysis and Retrieval System ("**EDGAR**") in accordance with EDGAR rules set forth in Regulation S-T.

(b) Filing Date. Schedules are deemed filed with the SEC or the applicable exchange on the date recognized by EDGAR. For Section 13 purposes, filings may be made up to 10 p.m. EST. In the event that a due date falls on a weekend or SEC holiday, the filing will be deemed timely filed if it is filed on EDGAR by the next business day after such weekend or holiday. An Insider must first obtain several different identification codes from the SEC before the filings can be submitted. In order to receive such filing codes, the Insider first submits a Form ID to the SEC. The Form ID must be signed, notarized, and submitted electronically through the SEC's Filer Management website, which can be accessed at <https://www.filermanagement.edgarfiling.sec.gov>. The Insider is required to retain a manually signed hard copy of all EDGAR filings (and related documents like powers of attorney) in its records available for SEC inspection for a period of five years after the date of filing.

(c) Company. In addition, the rules under Section 13 require that a copy of the applicable filing be sent to the issuer of the security at its principal executive office by registered or certified mail. A copy of Schedules filed pursuant to §§ 240.13d-1(a) and 240.13d-2(a) shall also be sent to each national securities exchange where the security is traded.

(d) Securities to be Reported. A person who is subject to Section 13 must only report as beneficially owned those securities in which he or she has a pecuniary interest. See the discussion of "beneficial ownership" below at Section D.

3. Initial Report of Ownership – Schedule 13D or 13G. Under Section 13, Insiders are required to make an initial report on Schedule 13D or Schedule 13G to the SEC of their holdings of all equity securities of the corporation (whether or not such equity securities are registered under the Exchange Act). This would include all traditional types of securities, such as common stock, preferred stock and junior stock, as well as all types of derivative securities, such as warrants to purchase stock, options to purchase stock, puts and calls. Even Insiders who do not beneficially own any equity securities of the Company must file a report to that effect.

(a) Initial Filing Deadline. An Insider who is not eligible to use Schedule 13G must file a Schedule 13D within 10 days of such reporting person's direct or indirect acquisition of beneficial ownership of more than 5% of a class of an issuer's Section 13(d) Securities.

- A reporting person that is an Exempt Investor is required to file its initial Schedule 13G within 45 days of the end of the calendar year in which the person exceeds the 5% threshold.
- A reporting person that is a Qualified Institution also is required to file its initial Schedule 13G within 45 days of the end of the calendar year in which the person exceeds the 5% threshold. Since the 5% threshold for a Qualified Institution is calculated as of the end of a calendar year, a Qualified Institution that acquires directly or indirectly more than 5% of a class of an issuer's Section 13(d) Securities during a calendar year, but as of December 31 has reduced its interest below the 5% threshold, will not be required to file an initial Schedule 13G. However, a Qualified Institution that acquires direct or indirect beneficial ownership of more than 10% of a class of an issuer's Section 13(d) Securities prior to the end of a calendar year must file an initial Schedule 13G within 10 days after the first month in which the person exceeds the 10% threshold.
- A reporting person that is a Passive Investor must file its initial Schedule 13G within 10 days of the date on which it exceeds the 5% threshold.

(b) Switching from Schedule 13G to Schedule 13D. If an Insider that previously filed a Schedule 13G no longer satisfies the conditions to be an Exempt Investor, Qualified Institution, or Passive Investor, the person must switch to reporting its beneficial ownership of a class of an issuer's Section 13(d) Securities on a Schedule 13D (assuming that the person continues to exceed the 5% threshold). This could occur in the case of (1) an Insider that changes from acquiring or holding Section 13(d) Securities for passive investment to acquiring or holding such securities with an activist intent, (2) an Insider that is a Qualified Institution that deregisters as an investment adviser pursuant to an exemption under the Investment Advisers Act of 1940, as amended, or applicable state law, or (3) an Insider that is a Passive Investor that acquires 20% or more of a class of an issuer's Section 13(d) Securities. In each case, the Insider must file a Schedule 13D within 10 days of the event that caused it to no longer satisfy the necessary conditions (except that, if a former Qualified Institution is able to qualify as a Passive Investor, such person may simply amend its Schedule 13G within 10 days to switch its status).

An Insider who is required to switch to reporting on a Schedule 13D will be subject to a “cooling off” period from the date of the event giving rise to a Schedule 13D obligation (such as the change to an activist intent or acquiring 20% of a class of an issuer’s Section 13(d) Securities) until 10 calendar days after the filing of Schedule 13D. During the “cooling off” period, the reporting person may not vote or direct the voting of the Section 13(d) Securities or acquire additional beneficial ownership of such securities. Consequently, a person should file a Schedule 13D as soon as possible once he is obligated to switch from a Schedule 13G to reduce the duration of the “cooling off” period.

The Insider will thereafter be subject to the Schedule 13D reporting requirements with respect to the Section 13(d) Securities until such time as the former Schedule 13G reporting person once again qualifies as a Qualified Institution or Passive Investor with respect to the Section 13(d) Securities or has reduced its beneficial ownership interest below the 5% threshold. However, only a reporting person that was originally eligible to file a Schedule 13G and was later required to file a Schedule 13D may switch to reporting on Schedule 13G.⁵

4. Changes in Ownership – Amendments to Schedule 13D or 13G.

Amendments to Schedule 13D. If there has been any material change to the information in a Schedule 13D previously filed by an Insider⁶, the person must promptly file an amendment to such Schedule 13D. A material change includes, without limitation, a reporting person’s acquisition or disposition of 1% or more of a class of the issuer’s Section 13(d) Securities, including as a result of an issuer’s repurchase of its securities. An acquisition or disposition of less than 1% may be considered a material change depending on the circumstances. A disposition that reduces a reporting person’s beneficial ownership interest below the 5% threshold, but is less than a 1% reduction, is not necessarily a material change that triggers an amendment to Schedule 13D. However, an amendment in such a circumstance is recommended to eliminate the reporting person’s filing obligations if the reporting person does not in the near term again expect to increase its ownership above 5%. “Promptly” is generally considered to be within 2 to 5 calendar days of the material change, depending on the facts and circumstances.

Amendments to Schedule 13G.

⁵ See Question 103.07 (September 14, 2009), Regulation 13D-G C&DIs.

⁶ This includes a change in the previously reported ownership percentage of a reporting person even if such change results solely from an increase or decrease in the aggregate number of outstanding securities of the issuer.

Annual. If a reporting person previously filed a Schedule 13G and there has been any change to the information reported in such Schedule 13G as of the end of a calendar year, then an amendment to such Schedule 13G must be filed within 45 days of the calendar year end. A reporting person is not required to make an annual amendment to Schedule 13G if there has been no change since the previously filed Schedule 13G or if the only change results from a change in the person's ownership percentage as a result of a change in the aggregate number of Section 13(d) Securities outstanding (e.g., due to an issuer's repurchase of its securities).

Other than Annual (Qualified Institutions). A reporting person that previously filed a Schedule 13G as a Qualified Institution reporting beneficial ownership of less than 10% of a class of an issuer's Section 13(d) Securities, must file an amendment to its Schedule 13G within 10 days of the end of the first month such Qualified Institution is the direct or indirect beneficial owner of more than 10% of a class of the issuer's Section 13(d) Securities. Thereafter, within 10 days after the end of any month in which the person's direct or indirect beneficial ownership of such securities increases or decreases by more than 5% of the class of securities (computed as of the end of the month), the person must file an amendment to Schedule 13G.

Other than Annual (Passive Investors). A reporting person that previously filed a Schedule 13G as a Passive Investor must promptly file an amendment any time it directly or indirectly acquires more than 10% of a class of an issuer's Section 13(d) Securities. Thereafter, the reporting person must file an amendment to Schedule 13G promptly after its direct or indirect beneficial ownership of such securities increases or decreases by more than 5%.

5. Reporting Identifying Information for Large Traders - Form 13H. Rule 13h-1 of the Exchange Act requires a Form 13H to be filed with the SEC by any individual or entity (each, a "**Large Trader**") that, directly or indirectly, exercises investment discretion over one or more accounts and effects transactions in NMS Securities (as defined below) for those accounts through one or more registered broker-dealers that, in the aggregate, equal or exceed (a) 2 million shares or \$20 million in fair market value during any calendar day, or (b) 20 million shares or \$200 million in fair market value during any calendar month (each, an "**identifying activity level**"). Under Regulation NMS, an "NMS Security" is defined to include any U.S. exchange-listed equity securities and any standardized options, but does not include any exchange-listed debt securities, securities futures, or shares of open-end mutual funds that are not currently reported pursuant to an effective transaction reporting plan under the Exchange Act. A Large Trader must file an initial Form 13H promptly after effecting aggregate transactions equal to or greater than one of the identifying activity levels. The SEC has indicated that filing within 10 days will be deemed a prompt filing. Amendments to Form 13H must be filed within 45 days after the end of each full calendar year and then promptly following the end of a calendar quarter if any of the information on Form 13H becomes inaccurate.

Form 13H requires that a Large Trader, reporting for itself and for any affiliate that exercises investment discretion over NMS securities, list the broker-dealers at which the Large Trader and its affiliates have accounts and designate each broker-dealer as a “prime broker,” an “executing broker,” and/or a “clearing broker.” Form 13H filings with the SEC are confidential and exempt from disclosure under the United States Freedom of Information Act. The information is, however, subject to disclosure to Congress and other federal agencies and when ordered by a court. If a securities firm has multiple affiliates in its organization that qualify as Large Traders, Rule 13h-1 permits the Large Traders to delegate their reporting obligation to a control person that would file a consolidated Form 13H for all of the Large Traders it controls. Otherwise, each Large Trader in the organization will be required to file a separate Form 13H.

6. Reporting Obligations of Control Persons and Clients.

The Firm’s Obligations. As discussed above, a securities firm is deemed to be the beneficial owner of Section 13(d) Securities in all accounts over which it exercises voting and/or investment power. Therefore, a firm will be a reporting person if it directly or indirectly acquires or has beneficial ownership of more than 5% of a class of an issuer’s Section 13(d) Securities. Unless a securities firm has an activist intent with respect to the issuer of the Section 13(d) Securities, the firm generally will be able to report on Schedule 13G as either a Qualified Institution or as a Passive Investor.

Obligations of a Firm’s Control Persons. Any control person (as defined below) of a securities firm, by virtue of its ability to direct the voting and/or investment power exercised by the firm, may be considered an indirect beneficial owner of the Section 13(d) Securities. Consequently, the direct or indirect control persons of a securities firm may also be reporting persons with respect to a class of an issuer’s Section 13(d) Securities. The following persons are likely to be considered “control persons” of a firm:

- any general partner, managing member, trustee, or controlling stockholder of the firm; and
- the direct or indirect parent company of the firm and any other person that indirectly controls the firm (e.g., a general partner, managing member, trustee, or controlling stockholder of the direct or indirect parent company).

If a securities firm (or parent company) is directly or indirectly owned by two partners, members, trustees, or stockholders, generally each such partner, member, trustee, or stockholder

is deemed to be a control person. For example, if a private fund that beneficially owns more than 5% of a class of an issuer's Section 13(d) Securities is managed by a securities firm that is a limited partnership, the general partner of which is a limited liability company that in turn is owned in roughly equal proportions by two managing members, then each of the private fund, the securities firm, the firm's general partner, and the two managing members of the general partner likely will have an independent Section 13 reporting obligation.

Availability of Filing on Schedule 13G by Control Persons. Any direct and indirect control person of a securities firm may file a Schedule 13G as an Exempt Investor, a Qualified Institution or as a Passive Investor to the same extent as any other reporting person as described above. In order for a control person to file a Schedule 13G as a Qualified Institution, however, no more than 1% of a class of an issuer's Section 13(d) Securities may be held (i) directly by the control person or (ii) directly or indirectly by any of its subsidiaries or affiliates that are not Qualified Institutions. For example, a direct or indirect control person of a securities firm will not qualify as a Qualified Institution if more than 1% of a class of an issuer's Section 13(d) Securities is held by a private fund managed by the firm or other affiliate because a private fund is not among the institutions listed as a Qualified Institution under the Exchange Act.

A securities firm that has one of its control persons serving on an issuer's board of directors may not be eligible to qualify as a Passive Investor with respect to such issuer. Even though the securities firm may not otherwise have an activist intent, the staff of the SEC has stated "the fact that officers and directors have the ability to directly or indirectly influence the management and policies of an issuer will generally render officers and directors unable to certify to the requirements" necessary to file as a Passive Investor.⁷

Obligations of a Firm's Clients. If a client of a securities firm (including a private or registered fund or a separate account client) by itself beneficially owns more than 5% of a class of an issuer's Section 13(d) Securities, the client has its own independent Section 13 reporting obligation.

Availability of Joint Filings by Reporting Persons. As discussed above, each reporting person has an independent reporting obligation under Section 13 of the Exchange Act. The direct and indirect beneficial owners of the same Section 13(d) Securities may satisfy their reporting obligations by making a joint Schedule 13D or Schedule 13G filing, provided that:

⁷ See Question 103.04 (September 14, 2009), Exchange Act Sections 13(d) and 13(g) and Regulation 13D-G Beneficial Ownership Reporting Compliance and Disclosure Interpretations of the Division of Corporation Finance of the SEC (the "Regulation 13D-G C&DIs").

- each reporting person is eligible to file on the Schedule used to make the Section 13 report (e.g., each person filing on a Schedule 13G is a Qualified Institution, Exempt Investor, or Passive Investor);
- each reporting person is responsible for the timely filing of the Schedule 13D or Schedule 13G and for the completeness and accuracy of its information in such filing⁸; and
- the Schedule 13D or Schedule 13G filed with the SEC (i) contains all of the required information with respect to each reporting person; (ii) is signed by each reporting person in his, her, or its individual capacity (including through a power of attorney); and (iii) has a joint filing agreement attached.

C. Determining Beneficial Ownership.

In determining whether a securities firm has crossed the 5% threshold with respect to a class of an issuer's Section 13(d) Securities⁹, it must include the positions held in any proprietary accounts and the positions held in all discretionary client accounts that it manages (including any private or registered funds, accounts managed by or for principals and employees, and accounts managed for no compensation), and positions held in any accounts managed by the firm's control persons (which may include certain officers and directors) for themselves, their spouses, and dependent children (including IRA and most trust accounts).

1. **Determining Who is a Five Percent Holder.** Beneficial ownership in the Section 13 context is determined by reference to Rule 13d-3, which provides that a person is the beneficial owner of securities if that person has or shares voting or disposition power with respect to such securities, or can acquire such power within 60 days through the exercise or conversion of derivative securities.

⁸ If the reporting persons are eligible to file jointly on Schedule 13G under separate categories (e.g., a private fund as a Passive Investor and its control persons as Qualified Institutions), then the reporting persons must comply with the earliest filing deadlines applicable to the group in filing any joint Schedule 13G. In the example above, the reporting persons would be required to file a Schedule 13G initially within 10 days of exceeding the 5% threshold and thereafter promptly upon any transaction triggering an amendment (i.e., the filing deadlines applicable to a Passive Investor) and not the later deadlines applicable to a Qualified Institution.

⁹ In calculating the 5% test, a person is permitted to rely upon the issuer's most recent quarterly or annual report for purposes of determining the amount of outstanding voting securities of the issuer, unless the person knows or has reason to believe that such information is inaccurate.

2. ***Determining Beneficial Ownership for Reporting and Short-Swing Profit Liability.*** For all Section 13 purposes other than determining who is a five percent holder, beneficial ownership means a direct or indirect pecuniary interest in the subject securities through any contract, arrangement, understanding, relationship or otherwise. “Pecuniary interest” means the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the subject securities. Discussed below are several of the situations that may give rise to an indirect pecuniary interest.

(a) ***Family Holdings.*** An Insider is deemed to have an indirect pecuniary interest in securities held by members of the Insider’s immediate family sharing the same household. Immediate family includes grandparents, parents (and step-parents), spouses, siblings, children (and step-children) and grandchildren, as well as parents-in-laws, siblings-in-laws, children-in-law and all adoptive relationships. An Insider may disclaim beneficial ownership of shares held by members of his or her immediate family, but the burden of proof will be on the Insider to uphold the lack of a pecuniary interest.

(b) ***Partnership Holdings.*** Beneficial ownership of a partnership’s securities is attributed to the general partner of a limited partnership in proportion of such person’s partnership interest. Such interest is measured by the greater of the general partner’s share of partnership profits or of the general partner’s capital account (including any limited partnership interest held by the general partner).

(c) ***Corporate Holdings.*** Beneficial ownership of securities held by a corporation will not be attributed to its stockholders who are not controlling stockholders and who do not have or share investment control over the corporation’s portfolio securities.

(d) ***Derivative Securities.*** Ownership of derivative securities (warrants, stock appreciation rights, convertible securities, options and the like) is treated as indirect ownership of the underlying equity securities. Acquisition of derivative securities must be reported. If the derivative securities are acquired pursuant to an employee plan, the timing of such reporting depends upon the Rule 16b-3 status of the employee plan under which the grant was made.

D. Delinquent Filings.

1. ***Correcting Late Filings.*** In the case of an Insider that has failed to make required amendments to its Schedule 13D or Schedule 13G in a timely manner (i.e., any material changes), the Insider must immediately amend its schedule to disclose the required information.

The SEC Staff has explained that, “[r]egardless of the approach taken, the security holder must ensure that the filings contain the information that it should have disclosed in each required amendment, including the dates and details of each event that necessitated a required amendment.” However, the SEC Staff has also affirmed that, irrespective of whether a security holder takes any of these actions, a security holder may still face liability under the federal securities laws for failing to promptly file a required amendment to a Schedule 13D or Schedule 13G.

2. ***Potential Liability.*** The SEC may bring an enforcement action, in the context of a Schedule 13D or Schedule 13G filing, for violations of Section 13(d), Section 13(g), Rule 10b-5 and Section 10(b), provided that the SEC specifically shows: (1) a material misrepresentation or omission made by the defendant; (2) scienter on the part of the defendant; and (3) a connection between a misrepresentation or omission and purchase or sale of a security regarding the Rule 10b-5 claim it brings. The SEC may seek civil remedies in the form of injunctive relief, a cease-and-desist order, monetary penalties, and other forms of equitable relief (e.g., disgorgement of profits). Under Section 32 of the Exchange Act, criminal sanctions may also extend to the willful violation of Section 13(d) and Section 13(g). The U.S. Department of Justice, which prosecutes criminal offenses under the Exchange Act, may seek numerous penalties against any person that violates the Exchange Act and any rules thereunder, including a monetary fine of up to \$5,000,000, imprisonment for up to 20 years and/or disgorgement.

Exhibit B

Cheetah Net Supply Chain Service Inc.

INSIDER TRADING COMPLIANCE PROGRAM - PRE-CLEARANCE CHECKLIST

Individual Proposing to Trade: _____

Number of Shares covered by Proposed Trade: _____

Date: _____

- Trading Window. Confirm that the trade will be made during the Company's "trading window."
 - Section 13 Compliance. Confirm, if the individual is subject to Section 13, that the proposed trade will not give rise to any potential liability under Section 13 as a result of matched past (or intended future) transactions. Also, ensure that an amendment to Schedule 13D or 13G has been or will be completed and will be timely filed.
 - Prohibited Trades. Confirm, if the individual is subject to Section 13, that the proposed transaction is not a "short sale," put, call or other prohibited or strongly discouraged transaction.
 - Rule 144 Compliance. Confirm that:
 - Current public information requirement has been met;
 - Shares are not restricted or, if restricted, the six-month holding period has been met;
 - Volume limitations are not exceeded (confirm that the individual is not part of an aggregated group);
 - The manner of sale requirements has been met; and
-

The Notice of Form 144 Sale has been completed and filed.

Rule 10b-5 Concerns. Confirm that (i) the individual has been reminded that trading is prohibited when in possession of any material information regarding the Company that has not been adequately disclosed to the public, and (ii) the Compliance Officer has discussed with the individual any information known to the individual or the Compliance Officer which might be considered material, so that the individual has made an informed judgment as to the presence of inside information.

Signature of Compliance Officer

Transactions Report

Officer or Director: _____

I. TRANSACTIONS:

No transactions.

The transactions described below.

Owner of Record	Transaction Date (1)	Transaction Code (2)	Security (Common, Preferred)	Number of Securities Acquired	Number of Securities Disposed of	Purchase/Sale Unit Price
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

- (1) (a) Brokerage transactions - trade date
- (b) Other purchases and sales - date firm commitment is made
- (c) Option and SAR exercises - date of exercise
- (d) Acquisitions under stock bonus plan - date of grant
- (e) Conversion - date of surrender of convertible security
- (f) Gifts - date on which gift is made

(2) Transaction Codes:

- (P) Pre-established Purchase or Sale
- (N) Purchase or Sale (not "Pre-established")
- (G) Gift
- (M) Option exercise (in-the-money option)
- (Q) Transfer pursuant to marital settlement
- (U) Tender of shares
- (W) Acquisition or disposition of will
- (J) Other acquisition or disposition (specify)



II. SECURITIES OWNERSHIP FOLLOWING TRANSACTION

A. Company Securities Directly or Indirectly Owned (other than stock options noted below):

<u>Title of Security (e.g., Preferred, Common, etc.)</u>	<u>Number of Shares/Units</u>	<u>Record Holder (if not Reporting Person)</u>	<u>Relationship to Reporting Person</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

B. Stock Option Ownership:

<u>Date of Grant</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Vesting Dates</u>	<u>Expiration Date</u>	<u>Exercises to Date (Date, No. of Shares)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____



CHEETAH NET SUPPLY CHAIN SERVICE INC.

Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
Allen-Boy International LLC	Delaware
Canaan International LLC	North Carolina
Canaan Limousine LLC	South Carolina
Pacific Consulting LLC	New York
Entour Solutions LLC	New York
Cheetah Net Logistics LLC	New York
Edward Transit Express Group Inc.	California

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Huan Liu, certify that:

1. I have reviewed this report on Form 10-K of Cheetah Net Supply Chain Service Inc.;
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 registrant 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 registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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 registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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: March 18, 2024

/s/ Huan Liu

Huan Liu
Chief Executive Officer, Director, and Chairman of the
Board of Directors
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Cook, certify that:

1. I have reviewed this report on Form 10-K of Cheetah Net Supply Chain Service Inc.;
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 registrant 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 registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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 registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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: March 18, 2024

/s/ Robert Cook

Robert Cook

Chief Financial Officer

(Principal Accounting and Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, in his capacity as an officer of Cheetah Net Supply Chain Service Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Annual Report of the Company on Form 10-K for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2024

/s/ Huan Liu

Huan Liu

Chief Executive Officer, Director, and Chairman

of the Board of Directors

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, in his capacity as an officer of Cheetah Net Supply Chain Service Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Annual Report of the Company on Form 10-K for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2024

/s/ Robert Cook

Robert Cook

Chief Financial Officer

(Principal Accounting and Financial Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

CHEETAH NET SUPPLY CHAIN SERVICE INC.

COMPENSATION RECOVERY POLICY

Effective November 20, 2023

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Exchange Act Rule 10D-1, and the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of Cheetah Net Supply Chain Service Inc. (the “**Company**”) are listed, the Company’s Board of Directors (the “**Board**”) has adopted this Compensation Recovery Policy (the “**Policy**”).

Capitalized terms used in the Policy are defined in Section I below. The application of the Policy to Executive Officers is not discretionary, except to the limited extent provided in Section G below, and applies without regard to whether an Executive Officer was at fault.

A. Persons Covered by the Policy

The Policy is binding and enforceable against all Executive Officers. Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

B. Administration of the Policy

The Compensation Committee of the Board (the “**Committee**”) has full-delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to such independent members of the Board or such other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

C. Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company 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 (an “**Accounting Restatement**”), then the Committee must determine the excess compensation, if any, that must be recovered (the “**Excess Compensation**”). The Company’s obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

D. Compensation Covered by the Policy

The Policy applies to all Incentive-Based Compensation Received by an Executive Officer:

- (a) after beginning service as an Executive Officer;
 - (b) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;
-

- (c) while the Company has a class of securities listed on the Exchange;
- (d) during the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition to these last three completed fiscal years, the Policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year; and
- (e) on or after October 2, 2023.

E. Excess Compensation Subject to Recovery of the Policy

Excess Compensation is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had such Incentive-Based Compensation been determined based on the restated amounts (this is referred to in the listings standards as "erroneously awarded incentive-based compensation") and must be computed without regard to any taxes paid.

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide the documentation to the Exchange.

F. Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to recovery.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or its affiliate or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities, or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company.

G. Limited Exceptions to the Policy

The Company must recover Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover the Excess Compensation, document the reasonable attempt(s) taken to so recover, and provide that documentation to the Exchange;
- (b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before reaching this conclusion, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- (c) 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 legal requirements as such.

H. Other Important Information in the Policy

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer against any loss of Excess Compensation, or any claims relating to the Company's enforcement of its rights under the Policy. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that pursuant to the Policy the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement such individual may have signed. Neither the Company nor any affiliate of the Company will enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid, or awarded to an Executive Officer from the application of the Policy or that waives the Company's right to recovery of any Excess Compensation, and the Policy shall supersede any such agreement (whether entered into before, on, or after the adoption of the Policy).

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Executive Officer, and the invalid, illegal, or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be a listed issuer within the meaning of Section 10D of the Exchange Act.

I. Definitions

“Accounting Restatement Determination Date” means the earlier to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“Executive Officer” means each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f).

“Financial Reporting Measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and 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 (for the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s right to recover under the Policy has lapsed) and excludes the following: salaries, bonuses paid solely at the discretion of the Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

“Received” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-Based Compensation is “Received” under the 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 the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to October 2, 2023.

ACKNOWLEDGEMENT

I acknowledge that I have received and read the Compensation Recovery Policy (the “**Policy**”) of Cheetah Net Supply Chain Service Inc. (the “**Company**”).

I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators, or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.

I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.

I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.

I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company, as well as any other appropriate discipline.

I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.

I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the Company’s legal department or my own personal advisers.

I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign, and return this form to the Company.

[*], 2023

(print name and title)

(signature)
