

## Risk Factors Comparison 2024-06-27 to 2023-07-13 Form: 10-K

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Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results and stock price. Because of the following factors, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. Risk Factors Summary ~~Risks~~ **Summary Risks** Related to Our Business and Industry • We have limited experience in the face intense competition, which could lead to our inability to secure market share or cause us to lose market share to our competitors, any of which could materially and adversely affect our business, results of operation operations of our own and financial condition. • If we fail to cost- effectively attract and retain online ride- hailing drivers, or to increase the profitability of our platform by existing users, our which makes it difficult for investors to evaluate the success of this- business, results to date and to assess the future viability of this business operations and financial condition could be materially and adversely affected. • Relationship between us, our affiliates and Gaode Maps and other cooperated partners is crucial to our ability to grow our business, results of operations and financial condition. • Our customers' failure to fully comply with PRC online ride- hailing- related laws may expose us to potential penalties and negatively affect our operations. • ~~If we are unable to repossess the car collateral for delinquent financing payments of the automobile purchasers referred by us or do so in a cost- effective manner or if our ability to collect delinquent financing payments is impaired, our business and results of operations would be materially and adversely affected. We may also be subject to risks relating to third- party debt collection service providers whom we engage for the recovery and collection of loans.~~ • We are exposed to credit risk in our auto financing and prior auto financing facilitation businesses. • Our failure to lease cars that we purchased from dealers or leased from other automobile rental companies with a satisfied utilization may have a material and adverse effect on our business, financial condition and results of operations. • If data provided by automobile lessees and other third- party sources or collected by us are inaccurate, customer trust in us could decline. • We may be subject to product liability claims if people or property are harmed by vehicles purchased through us. • If our safety system fails to ensure user safety while using our online ride- hailing platform, our business, results of operations and financial condition could be materially and adversely affected. • **Changes If we fail to pricing for our** ~~cost- effectively attract and retain~~ online ride- hailing **services could materially and adversely affect our ability to attract or retain riders and qualified** drivers, or to increase utilization of our platform by existing users, our business, results of operations and financial condition could be materially and adversely affected. • Any significant disruption in our IT systems could materially and adversely affect our business. • If we fail to obtain and maintain the requisite licenses and approvals required for our online ride- hailing business, our business may be materially and adversely affected. • We rely primarily on a third- party insurance policy to insure our auto- related risks. • We rely on third- party payment processors to process payments made by our business partners. • Government policies on automobile purchases and usage in the online ride- hailing industry may materially affect our results of operations. • Our business is subject to laws, regulations and regulatory policies that are being continuously amended and improved, and the interpretation and implementation of newly established policies may remain uncertain, which could have an adverse impact on our business and future prospects. • We have identified material weaknesses in our internal control over financial reporting. • Our common stock will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCA Act, in the future if the PCAOB is unable to inspect or investigate completely our auditors. The delisting of our common stock, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections of our auditors would deprive our investors of the benefits of such inspections. ~~36~~ • We face risks related to natural disasters, health epidemics and other outbreaks, such as COVID- 19, which could significantly disrupt our operations. Risks Related to Doing Business in China • Our current corporate structure and business operations may be affected by the Foreign Investment Law. • Our previous contractual arrangements in relation to Sichuan Senmiao may be subject to scrutiny by the PRC tax authorities and they may determine that we or Sichuan Senmiao owe additional taxes, which could negatively affect our financial condition and the value of your investment. • If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non- PRC stockholders. • Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future. • We are required to obtain a value- added telecommunication business certificate and be subject to foreign investment restrictions. • Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business that we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition. • Adverse regulatory developments in China may subject us to additional regulatory review, and additional disclosure requirements and regulatory scrutiny to be adopted by the SEC in response to risks related to recent regulatory developments in China may impose additional compliance requirements for companies like us with significant China- based operations, all of which could increase our compliance costs, subject us to additional disclosure requirements. • Compliance with China' s new Data Security Law, Measures on Cybersecurity Review, Personal Information Protection Law, regulations and guidelines relating to the multi- level protection

scheme and any other future laws and regulations may entail significant expenses and could materially affect our business. ● Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact our business and our offering. ● We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet- related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations. ● PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of from our public offerings to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. ● We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business. ● Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment. ● Governmental control of currency conversion may limit our ability to utilize our net revenues effectively and affect the value of your investment. ● Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties. 37● The M & A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China. ● PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

**Risks Related to Our Securities** ● Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our common stock. ● The market price for our common stock may be volatile. ● **A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future.** ● We have a significant number of outstanding warrants. Other General Risk Factors ● We may need additional capital, and financing may not be available on terms acceptable to us. ● Any harm to our brands or reputation may materially and adversely affect our business. ● A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition. ● **Our ability to protect the confidential information of our customers may be adversely affected by cyber-attacks, computer viruses, physical or electronic break- ins or similar disruptions.** ● From time to time, we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results. ● **Our ability to protect the confidential information of our customers may be adversely affected by cyber- attacks, computer viruses, physical or electronic break- ins or similar disruptions.**

**Risks Related to Our Business and Industry** We have limited experience in the operation of our own online ride- hailing platform, which makes it difficult for investors to evaluate the success of this business to date and to assess the future viability of this business. We launched our online ride- hailing platform in late October 2020. This short operating history may make it difficult for investors to evaluate our prospects for success for this business. We may not have sufficient experience to address the risks to which our operation in new or rapidly evolving markets may be exposed. There can be no assurances that we will be able to do so. As a relatively new business, our online ride- hailing platform may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors that may alter or delay our plans. Before the year ended March 31, 2022, we used to pay a large number of driver incentives to acquire and maintain the large customer base. However, we shifted the expansion strategy of our online ride- hailing platform to launch our platform in more cities, rather than maintaining the customer base when the industry condition changed, especially the cyber security investigation on Didi performed by PRC authorities in July 2021. There is no assurance that we will continue to be successful with this business and the likelihood of success of our online ride- hailing platform must be considered in light of our relatively early stage of operations. Any growth in this business will put significant demands on our processes, systems and personnel. If we are unable to successfully manage and support our growth and the challenges and difficulties associated with managing our ride- hailing platform as a larger, more complex business, this could cause a material adverse effect on our business, financial position and results of operations, and the market value of our securities could decline. 38

We face intense competition, which could lead to our inability to secure market share or cause us to lose market share to our competitors, any of which could materially and adversely affect our business, results of operations and financial condition. The online ride- hailing market in China, especially in our key target markets of Chengdu, **and** Changsha **and** Guangzhou, is intensely competitive and characterized by rapid changes in technology, shifting user preferences, and frequent introductions of new services and offerings. **Our success in a given geographic market significantly depends on our ability to maintain or increase the scale of our network in that geographic market by attracting and keeping drivers to engage their ride- hailing business through our platform or leasing automobiles provided by us.** We face intense competition in the Automobile Transaction and Financing Services, as well as the Online Ride- hailing Platform Services. We face significant competition from existing, well- established, and low- cost alternatives, and in the future we expect to face competition from new market entrants. Our competitors may have significantly more resources than we do, including financial, technological, marketing and others and may be able to devote greater resources to the development and promotion of their services. As a result, they may have deeper relationships with online ride- hailing drivers, automobile dealers, automobile leasing companies and other third- party service providers than we do. This could allow them to develop new services, adapt more quickly to changes in technology and to undertake more extensive marketing campaigns, which allow them to derive greater revenue and profits from their existing user bases, enlarge their user base at lower costs, or respond more quickly to new and emerging technologies and trends. As a consequence, our services may be less attractive to consumers and cause us to lose market share. Furthermore, they may be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than we do, which could further adversely affect our results of operations. Moreover, intense competition in the markets we operate in may reduce our service fees and revenue, increase our operating

expenses and capital expenditures, and lead to departures of our qualified employees. We may also be harmed by negative publicity instigated by our competitors, regardless of its validity. We may in the future continue to encounter disputes with our competitors, including lawsuits involving claims asserted under unfair competition laws and defamation which may adversely affect our business and reputation. Failure to compete with current and potential competitors could materially harm our business, financial condition and our results of operations. **We Since 2023, the municipal transportation bureaus in a series of cities in China have released operational dynamics and risk warnings for the online ride- hailing industry, stating that the online ride- hailing market has become saturated. They remind enterprises and practitioners who intend to engage in online ride- hailing services should have a detailed understanding of relevant regulations, conduct market research, fully consider changes in operating income due to factors such as supply and demand, market conditions, fluctuations or continuous declines, objectively evaluate the actual income level of industry practitioners, and make rational and prudent career choices. On May 16, 2023, Changsha Transportation Bureau announced that the application for new online car transportation licenses was suspended from May 16, 2023 and Chengdu Transportation Bureau also released risk warnings in its monthly online ride- hailing industry operation monitoring information. However, we expect the fierce** competition to continue, both from current competitors and new entrants in the market that may be well- established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience growth stagnation or even a decline in revenue that could **materially and adversely affect our business, results of operations and financial condition. If we fail to cost-effectively attract and retain online ride- hailing drivers, or to increase the profitability** of our platform by existing users, our business, results of operations and financial condition could be materially and adversely affected. The growth of our online ride- hailing platform depends in part on our ability to cost- effectively attract and retain online ride- hailing drivers who satisfy our screening criteria and procedures, and to increase their utilization of our platform. ~~To~~ **However, to** attract and retain qualified drivers, we have, among other things, offered incentives for drivers. ~~We have experienced and expect to continue to experience ride- hailing drivers shortage in certain geographic markets in which would we operate. To the extent that we experience ride- hailing drivers shortage in a given market, we may need to increase or may not be able to reduce the driver incentives that we offer without adversely affecting the liquidity and network effect that we experience in that market, which would have adverse impact on our financial performance. Since December 2023, in order to improve the efficiency of the daily operation and profitability of our platform, we have engaged a third- party to co- operate the online ride- hailing platform by outsourcing certain daily operation work to it in most of cities our platform operates in. We also reduced the incentives paid to the~~ believe that our sales and marketing initiatives is promoting awareness of our offerings, which in turn drives ~~drivers~~ the growth of our driver pool and **had witnessed both the number** utilization rate of **Active our** marketplace. However, we may fail to retain and attract qualified online ride- hailing drivers **Drivers on** due to a number of reasons, such as our lack of brand recognition and reputation or **our platform and** our failure to provide subsidies that are comparable or superior to those -- **the total number** of our competitors **the completed orders decreased accordingly**. Other factors beyond of our control, such as laws and regulations limiting in the markets in which we operate, vehicles or insurance, and the vehicle quantity control of PRC government, may also reduce the number of Active Drivers on our platform or their utilization of our online ride- hailing platform. However, the increasing number of online ride- hailing drivers in the market may cause the decrease of average income of each driver, which, in return would make our platform, or the whole industry less attractive to drivers. For example, according to the MOT of the People's Republic of China, the total ~~volume~~ **number** of **certificated** online ride- hailing ~~orders~~ **drivers** was approximately ~~735~~ **7.0** million in ~~May~~ **April 2023-2024** as compared with ~~706~~ **5.4 million** in April 2023 and ~~527 million in May 2022~~. Considering the number of online ride- hailing drivers ~~are~~ keep increasing while the consumer demand has no significant increase in current months in China, the MOT of certain cities, such as Changsha, Sanya has suspended issuing new online booking taxi transportation certificates and transport certificates since April and May 2023 accordingly. In addition, changes in driver qualification ~~45 and~~ **and** background check requirements may increase our costs and reduce our ability to onboard additional drivers to our platform. Our driver qualification and background check procedure varies by jurisdiction. Any changes in the legal requirements for the qualification, screening, and background check procedure could reduce the number of drivers in those markets or extend the time required to recruit new drivers to our platform, which would adversely impact our business and growth. Our failure to continuously attract and **retain Active Drives and to increase utilization of our online ride- hailing platform in a cost- effective way would impair the network effect of our platform, which would in turn** materially and adversely affect our business, results of operations and financial condition. The relationship between us, our affiliates and Gaode Maps, the leading aggregation platform in China, and other cooperated partners is crucial to our ability to grow our business, results of operations and financial condition. The strategic relationship between us, our affiliates and Gaode Maps, the leading aggregation platform, and other local online ride- hailing platforms is crucial to our business as most of customers we provide services to are online ride- hailing drivers. Those drivers earn income on our platform from the trip orders distributed from Gaode Maps, or directly from other platforms. If our collaboration with these platforms was terminated, we may not be able to maintain our existing customers or attract new customers who are and will be online ride- hailing drivers, which could materially and adversely affect our business and impede our ability to continue our operations. Our annual cooperative arrangements with Didi on Automobile Transaction and Related Services are non- exclusive basis, and Didi may have cooperative arrangements with our competitors. We also cooperate with **local** automobile dealers **like** BYD Auto Sales Co., Ltd. ("BYD"), automobile leasing companies, financial institutions and others to attract online ride- hailing drivers to run their business through our platform and provide automobile transaction and financing services. Our ability to acquire customers depends on our own marketing efforts through online advertising and billboard advertising, as well as the network of different third party sales teams. We intend to strengthen relationships with existing financing partners and develop new relationships for our automobile transaction and financing business. If we are not able to attract or retain cooperative

automobile dealers, automobile leasing companies with favorable term as new business partners on acceptable terms, our business growth will be hindered and our results of operations and financial condition will suffer. Illegal, improper or otherwise inappropriate activities of customers while utilizing our online ride- hailing platform or receiving our services could expose us to liabilities and harm our reputation, business, results of operations and financial condition. Illegal, improper or otherwise inappropriate activities by customers while utilizing our online ride- hailing platform or receiving our services could expose us to liabilities and materially and adversely affect our reputation, business, results of operations and financial condition. These activities may include abuse, assault, theft, false imprisonment, sexual harassment, identity theft, unauthorized use of credit and debit cards or bank accounts, and other misconduct. The relevant regulations also require the licensed online ride- hailing platforms to ensure that the drivers and cars engaged in providing ride services meet the requirements stipulated by the regulations. We ~~39are~~ **are** not able to fully control or predict the actions of our customers and third parties, either during the process of providing services or otherwise. While we have implemented various measures to anticipate, identify and address risks associated with these activities, we may not adequately address or prevent all illegal, improper or otherwise inappropriate activities by our users, which could damage our brand and the viability of this business. At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities are too restrictive and inadvertently prevent qualified online ride- hailing drivers otherwise in good standing from using our platform and services, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of our users and their utilization of our online ride- hailing platform could be negatively impacted. For example, if we cannot complete background checks of potential online ride- hailing drivers who apply to utilize our platform on a timely basis, we may not be able to onboard potential online ride- hailing drivers in time and, as a result, our platform may be less attractive to qualified online ride- hailing drivers. Further, we may be subject to claims of significant liability based on traffic accidents, deaths, injuries, or other incidents that are caused by ride- hailing drivers, consumers, or third parties. Our auto liability and general liability insurance policies may not cover all potential claims to which we are exposed, and may not be adequate to indemnify us for all liabilities. These incidents may subject us to liability and negative publicity, which would increase our operating costs and adversely affect our business, operating results, and future prospects. Even if these claims do not result in liability, we will incur significant costs in investigating and defending against them. And any negative publicity related to the foregoing, whether such incident occurred on our platform or on our competitors' platforms, could materially and adversely affect our reputation and brand and more importantly, public perception of the online ride- hailing industry as a whole, which could negatively affect the demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, results of operations and financial condition. Our customers' failure to fully comply with PRC online ride- hailing- related laws may expose us to potential penalties and negatively affect our operations. The online ride- hailing industry is highly regulated in China. According to the guidelines issued by the different local authorities in China, including our major operations, Chengdu ~~, and~~ Changsha ~~and~~ Guangzhou, online reservation taxi operating license, automobile certificate and online reservation taxi driver' s license are required for a driver to operate the online ride- hailing business. Approximately ~~57-25~~ **57-25** % of our served online ride- hailing drivers have not obtained the online reservation taxi driver' s certificates as of March 31, ~~2023~~ **2024**. During the year ended March 31, ~~2023~~ **2024**, we have been fined by approximately \$ ~~49-76~~ **49-76**, 000 by Traffic Management Bureaus in Chengdu ~~and~~, Changsha ~~, Guangzhou and Tianjin~~, for the non- compliance on taxi driver' s certificates, of which, approximately \$ ~~4-30~~ **4-30**, 000 was further compensated by drivers or cooperated third parties. We cannot assure you that we will not be subject to further fines, penalties or more severe administrative actions or proceedings in the future. If we or drivers or vehicles on our platform fail to obtain or maintain any required licenses, permits or approvals or make any necessary filings in a timely matter or at all, we may be subject to a variety of penalties, including fines or potentially being forced to suspend, terminate or significantly reduce our operations in the city or jurisdiction. Our business and results of operations will be materially affected if our affiliated drivers are suspended from providing ride- hailing services or receive substantial fines. We are in the process of assisting the drivers to obtain the required certificates and licenses. However, there is no guarantee that all of the drivers affiliated with us would be able to obtain all the certificates and licenses. Our ability and method to provide the automobile transaction related services might be affected or restricted if our affiliated drivers or automobiles do not possess the requisite licenses. Further, there is no assurance that each of the drivers who use our platform or the cars used by such drivers in providing ride- hailing services possesses the requisite license or certificate. Our business and results of operations will be materially and adversely affected if our affiliated drivers are suspended from providing ride- hailing services or imposed substantial fines or if we are found to be in serious violation of the Interim Measures due to the drivers' failure to obtain requisite licenses and / or automobile certificates in connection with providing services through our platform. If we fail to effectively manage the behaviors of order skipping, disintermediation and other misconduct and fraud by our users, our business, results of operations and financial condition could be materially and adversely affected. Online ride- hailing drivers on our platform may skip orders and fail to pick up riders, or circumvent our platform and complete the transaction offline and in private. Our users may also maliciously misappropriate subsidies provided on our platform. For example, if we detect users engaging in cheating behaviors to earn incentives we have offered, we may be required to disqualify them from using such incentives. We have also implemented various measures to prevent order skipping. For example, we monitor the order completion ~~40rate~~ **rate** for our online ride- hailing drivers, and those with low credit scores based on riders' feedback or behavior scores will be less likely to receive orders on our platform. If we detect a persistent skipping pattern, we will permanently close their user accounts on our platform. In addition, we may incur losses from various types of fraud by our users, including use of stolen or fraudulent credit card data, attempted payments by riders with insufficient funds and fraud committed by riders in concert with online ride- hailing drivers. Bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another person' s identity, account information or payment information and unauthorized acquisition or use of credit or debit card details, bank account

information and mobile phone numbers and accounts. Under current credit card practices, we may be liable for rides facilitated on our online ride-hailing platform with fraudulent credit card data, even if the associated financial institution approved the credit card transaction. We are in the process of taking measures to detect and prevent fraudulent transactions by our users, such as cross-checking a driver's travel path against the proposed itinerary to verify the authenticity of an order. Despite our efforts, our measures may not eliminate order skipping, disintermediation, and other user misconducts and fraud. Our failure to adequately detect and prevent such user behaviors could materially and adversely affect our business, results of operations and financial condition. ~~Our affiliate or equity investee company did not have written agreements in place with certain financing partners and adverse change in our relationship with such financing partners may materially and adversely impact our business and results of operations. Hunan Ruixi and Jinkailong relied on a limited number of financing partners to fund automobile transactions for automobile purchasers. However, we did not have written agreements in place with these financing partners obligating them to provide financing. Because such financing partners are not contractually bound by any specific commitment to provide financing, they may determine not to collaborate with Hunan Ruixi and Jinkailong or limit the funding that was available for financing transactions we facilitated, which will materially and adversely affect our business, financial condition and results of operations.~~ Prior consent from financial institutions which provided financing to our online ride-hailing driver customers for the purchase of automobiles has not been obtained for us to sublease or sell the drivers' automobiles. As described in the section titled "Business" above, as of March 31, ~~2023~~ **2024**, approximately 108 online ride-hailing drivers in Changsha and ~~over 1,200 online ride-hailing drivers in Chengdu~~ exited the online ride-hailing business and rendered their purchased automobile to Hunan Ruixi and Jinkailong for sublease or sales in order to offset monthly payment owed to Hunan Ruixi and Jinkailong and the financial institutions. Their Financing Agreements with the financial institutions are still valid and in effect. Pursuant to the Financing Agreements, the right of the automobile collateral to the financial institution belongs to the financial institution and without their consent, we may not dispose of, use, or take possession of those automobiles. To prevent the default in payments to the financial institutions and us, the drivers authorized us orally or in writing to sublease or sell the automobiles to other parties, and use the cash generated from the sublease or sales to cover the monthly installment payments to the financial institution and the monthly installment service fees as well as the automobile registration related fees that we previously advanced during the remaining original lease terms to us. As prior consent from the financial institutions have not been obtained, the financial institutions may require us to stop sublease and return the automobiles immediately. We may also be required to pay penalties to the financial institutions. Although we have not received any demand from any financial institution to stop the sublease practice, there is no assurance that future demand to stop such practice may not come along; if so, we may experience economic loss and reputation damage as a result. If we are unable to **collect our revenue**, repossess **or sub-lease the car-cars held collateral** for delinquent financing payments of the automobile purchasers referred by **the defaulted customers** us or do so in a cost-effective manner or if our ability to collect delinquent financing payments is impaired, our business and results of operations would be materially and adversely affected. ~~We may also be subject to risks relating to third-party debt collection service providers whom we engage for the recovery and collection of loans. Under most of the Financing Agreements between the automobile purchasers and third-party financing partners, Hunan Ruixi and Jinkailong guarantee the lease/loan payments including principal and the accrued and unpaid interest for the automobile purchase funded by these financing partners. Therefore, failure~~ **Failure** to collect lease/loan **purchase** payments or to repossess the collateral may have a material adverse effect on our business operations and financial positions. **We monitor the daily gross income of our served online ride-hailing drivers** Although ~~through~~ **through our cooperated online ride-hailing platforms as well as trace the location of each lease/loan payments are secured by the cars-** **car at least every day. We also monitor the using expenditures of each car such as the traffic violation penalty and maintenance expenses once a week. If there is any negative indicators on the collectability of our revenue**, we ~~shall~~ **may not be able to repossess---** **repose** the car **if necessary** collateral when our customers default. Our measures to track the cars include installing GPS trackers on cars. We cannot assure you that we will be able to successfully locate and recover the **car-cars** collateral. We have in the past failed to repossess one car as the GPS trackers failed to function properly or had been disabled, and we cannot assure you that this incident will not happen again the future. We also cannot assure you that there will not be regulatory changes that prohibit the installation of GPS trackers, or the ~~4-realized---~~ **realized** value of the repossessed cars will be sufficient to cover our customers' payment obligations. If we cannot repossess some of these cars or the residual values of the repossessed cars are lower than we expected and not sufficient to cover the automobile purchaser **/lessee**' payment obligation, our business, results of operations and financial condition may be materially and adversely affected. Moreover, the current regulatory regime for debt collection in the PRC remains unclear. We aim to ensure our collection efforts carried out by our asset management department comply with the relevant laws and regulations in the PRC. However, if our collection methods are viewed by the automobile purchasers or regulatory authorities as harassments, threats or other illegal means, we may be subject to risks relating to our collection practice, including lawsuits initiated by the borrowers or prohibition from using certain collection methods by the regulatory authorities. Any perception that our collection practices are aggressive and not compliant with the relevant laws and regulations in the PRC may result in harm to our reputation and business, decrease in the willingness of prospective customers to apply for and utilize our service, or fines and penalties imposed by the relevant regulatory authorities, any of which may have a material adverse effect on our business, financial condition and results of operations. We are exposed to credit risk in our ~~auto-~~ **Auto** financing and prior ~~auto financing~~ **facilitation businesses-Businesses**. Our current risk management system may not be able to accurately assess and mitigate all risks to which we are exposed, including credit risk. We are exposed to credit risk as ~~Hunan Ruixi and~~ **our equity investee company**, Jinkailong ~~is~~ **provide automobile financing to automobile purchasers and are** required to provide guarantees to most of their financing partners on the financing for automobile purchases facilitated by them in prior years. As of March 31, ~~2023~~ **2024**, the maximum contingent liabilities ~~we and our equity investee company~~, Jinkailong would be exposed to was approximately \$ ~~2~~ **10,000** and \$ ~~3~~ **9** million, respectively, assuming all the automobile purchasers were in default. As Hunan

Ruixi holds 35 % of equity interest of Jinkailong and has not made any consideration towards to the investment, Hunan Ruixi will subject to the maximum amount of RMB3. 5 million (approximately \$ ~~570-485~~, 000) of which is equivalent to 35 % of liabilities in case Jinkailong is liquidated in accordance with PRC' s company registry compliance. For the year ended March 31, ~~2023-2024~~, we recognized estimated provisions loss of approximately \$ ~~500-7,000~~ for the guarantee services as a result of default by the automobile purchasers. Customers may default on their lease / ~~loan-purchase~~ payments for a number of reasons including those outside of their or our control. The credit risk may be exacerbated in automobile financing due to the relatively limited credit history and other available information of many consumers in China. If we experience a widespread default by our automobile ~~lessees / purchasers / lessees~~, our cash flow and results of operations will be materially and adversely affected. As a consequence, we could face shortfalls in liquidity without extra financing resources for the foreseeable future and lose the ability to grow our business or may even be required to scale down or restructure our operations. We are required to obtain licenses and permits related to financing and lending in China for our business operations, and we may not be able to obtain or maintain such licenses or permits. We may be deemed to operate financing guarantee business by the PRC regulatory authorities. Under certain arrangements in the services, Hunan Ruixi and Jinkailong ~~provide~~ **provided** guarantees to their customers who applied for financing in prior years with certain of their financing partners. In August 2017, the PRC State Council promulgated the Regulations on the Administration of Financing Guarantee Companies (the " Financing Guarantee Rules "), which became effective on October 1, 2017. Pursuant to the Financing Guarantee Rules, " financing guarantee " refers to the activities in which guarantors provide guarantee to the guaranteed parties as to loans, bonds or other types of debt financing, and " financing guarantee companies " refer to companies legally established and operating financing guarantee business. According to the Financing Guarantee Rules, the establishment of financing guarantee companies are subject to the approval by the relevant governmental authority, and unless otherwise stipulated, no entity may operate financing guarantee business without such approval. We do not believe that the Financing Guarantee Rules apply to our prior car financing facilitation business as we provide guarantees to our financing partners in connection with the financing of the purchase of automobiles and such guarantees are not provided independently as our principal business. However, due to the lack of further interpretations, the exact definition and scope of " operating financing guarantee business " under the Financing Guarantee Rules is unclear. It is uncertain whether we would be deemed to operate financing guarantee business in violation of relevant PRC laws or regulations because of our current arrangements with certain financial institutions. If the relevant regulatory authorities determine that we are operating financing guarantee business, we may be required to obtain approval or license for financing guarantee business to continue our collaboration arrangement with certain financial institutions. ~~In addition, based on our business model, we prepaid the purchase price of automobiles and all service related expenses and collect the advance payment (without any interest) through monthly installment payments from the automobile purchaser.~~ Pursuant to Provisions on Several Questions Concerning the Application of Law in the Trial of Private Lending Cases released by the Supreme People' s Court in June 2015, private lending refers to the act of financing between natural persons, legal persons and other organizations and among them. According to the Approval on How to Confirm the Effectiveness of Lending Behavior between Citizens and Enterprises issued by the PRC Supreme People' s Court in 1999, the private lending refers to the lending between citizens and non- financial enterprises (hereinafter referred to as enterprises). As long as all parties' declaration of intention is true, it can be recognized as valid (the " Private Lending Rules "). We do not believe that the Private Lending Rules apply to our automobile purchase services business as we need to pay in advance to different suppliers to complete our services such as preparation of financing application materials, assistance with closing of financing transactions, license and plate registration, payment of taxes and fees, purchase of insurance, installment of GPS devices, ride- hailing driver qualification and other administrative procedures. We have no intention to lend money to and gain interest from automobile purchasers. We collect payments in a period longer than 12 months based on current product designs. However, it is uncertain whether we would be deemed to operate private lending business in violation of relevant PRC laws or regulations because we prepay on behalf of automobile purchasers and collect payments over a period of more than 12 months. If the relevant regulatory authorities determine that we are operating private lending business, we may be penalized for engaging in businesses out of the scope of our business license. Pursuant to the Regulations on the Registration of Enterprise Legal Persons, we may be given warnings, fined, confiscated of illegal income, required to suspension and rectification, or our business license might be withheld and revoked by relevant regulatory authorities. Consequently, we may be required to obtain approval or license for financing business to continue our current collection method of payments. If we are no longer able to maintain our current collection method of payments, or become subject to penalties, our business, financial condition, results of operations and prospects could be materially and adversely affected. Our failure to lease cars that we purchased from dealers or leased from other automobile rental companies with a satisfied utilization may have a material and adverse effect on our business, financial condition and results of operations. In January 2019, we started to purchase automobiles from automotive dealers for sales. As we shifted our business focus to automobile rental since March 2020, we ~~purchase and~~ lease automobiles mainly for operating lease during the year ended March 31, ~~2023-2024~~. We primarily purchase or lease automobile models that are reliable, affordable and based on the local regulation requirement of the automobiles used for online ride- hailing, feedback from and market analysis as to perception and demand for such models, and that will appeal to lessees in lower- tier cities. We adopt a stable pricing formula, considering the historical and future expenditure, remaining available leasing months and market price to determine our rental price for various rental solutions. During the year ended March 31, ~~2023-2024~~, our average utilization of the automobiles for operating lease, including the ones ~~operated by~~ **leased to** Jinkailong, was approximately ~~64-79.9-7~~%, as compared with ~~56-64.3-9~~% in the year ended March 31, ~~2022-2023~~. However, we have limited experience in the operating lease of automobiles, and there is no assurance that we will be able to do so effectively and the utilization of automobiles held for operating lease is satisfied to generate sufficient profit and cash. Demand for the automobiles that we purchase or lease can change significantly between the time the automobiles are purchased and the date of sale or lease. Demand may be affected by new automobile launches, changes

in the pricing of such automobiles, market conditions for the online ride- hailing, defects, changes in consumer preference and other factors, and dealers may not purchase them in the quantities that we expect. We may also need to adopt more aggressive pricing strategies for these cars than originally anticipated. We also face inventory risk in connection with the automobiles purchased, including the risk of inventory obsolescence, a decline in values, and significant inventory write- downs or write- offs. If we were to adopt more aggressive pricing strategies, our profit margin may be negatively affected as well. We may also face increasing costs associated with the storage of these automobiles. Any of the above may materially and adversely affect our financial condition and results of operations. If data provided by automobile lessees and other third- party sources or collected by us are inaccurate, incomplete or fraudulent, the accuracy of our credit assessment could be compromised, customer trust in us could decline, and our business, financial position and results of operations would be harmed. China' s credit infrastructure is still at an early stage of development. The Credit Reference Center established by the PBOC in 2002 has been the only credit reporting system in China. This centrally managed nationwide credit database operated by the Credit Reference Center only records limited credit information, such as tax payments, civil lawsuits, foreclosures and bankruptcies. Moreover, this credit database is only accessible to banks and a limited number of market players authorized by the Credit Reference Center and does not support sophisticated credit scoring and assessment. In 2015, the PBOC announced that it would open the credit reporting market to ~~43 private~~ **private** sectors with a view to spurring competition and innovation, but it may be a long- term process to establish a widely- applicable, reliable and sophisticated credit infrastructure in the market we operate. For the purpose of credit assessment, we obtain credit information from prospective customers, including online ride- hailing drivers, automobile lessees, and with their authorization, obtain credit data from external parties to assess applicants' creditworthiness. We may not be able to source credit data from such external parties at a reasonable cost or at all. Such credit data may have limitations in measuring prospective automobile purchasers' creditworthiness. If there is an adverse change in the economic condition, credit data provided by external parties may no longer be a reliable reference to assess an applicant' s creditworthiness, which may compromise our risk management capabilities. As a result, our assessment of an automobile purchaser' s credit profile may not reflect that particular car buyer' s actual creditworthiness because assessment may be based on outdated, incomplete or inaccurate information. To the extent that our customers provide inaccurate or fraudulent information to us, or the data provided by third- party sources is outdated, inaccurate or incomplete, our credit evaluation may not accurately reflect the associated credit risks of automobile purchasers. Among other things, we rely on data from external sources, such as the personal credit report from PBOC. These checks may fail and fraud may occur as we may fail to discover or reveal fake documents or identities used by fraudulent automobile purchasers. Additionally, once we have obtained an automobile purchaser' s information, the automobile purchaser may subsequently (i) become delinquent in the payment of an outstanding obligation; (ii) default on a pre- existing debt obligation; (iii) take on additional debt; or (iv) experience other adverse financial events, making the information we previously obtained inaccurate. We also collect car collateral location data by installing GPS trackers for lease / loan payment monitoring purposes. The location data we collected may not be accurate. As a result, our ability to repossess the car collateral could be severely impaired. If we are unable to collect the lease / loan payments we facilitated or repossess the car collateral due to inaccurate or fraudulent information, our results of operations and profitability would be harmed. We may be subject to product liability claims if people or property are harmed by vehicles purchased through us. Vehicles purchased through us may be defectively designed or manufactured. As a result, we may be exposed to product liability claims relating to personal injury or property damage. Third parties subject to such injury or damage may bring claims or legal proceedings against us because we facilitate the financing / purchase of the product. Although we would have legal recourse against the automobile manufacturers or dealers under PRC law, attempting to enforce our rights against the automobile manufacturers or dealers may be expensive, time- consuming and ultimately futile. We currently maintain valid third- party liability insurance and product liability insurance in relation to vehicles purchased through us, and also ensure that appropriate insurances have covered automobiles leased from rental companies. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation. If our safety system fails to ensure user safety while using our online ride- hailing platform, our business, results of operations and financial condition could be materially and adversely affected. According to the Emergency Notice on Further Strengthening the Safety Management of Online Reservation of Taxis and Carpooling of Private Vehicles jointly promulgated by the General Office of the MOT and the General Office of the PRC Ministry of Public Security on September 10, 2018, online ride- hailing platforms shall carry out background checks on all online ride- hailing drivers according to relevant requirements of taxi driver background check and supervision. ~~We are~~ **Since December 2023, we have engaged Anhui Lianma Technology Co., Ltd. ("Anhui Lianma ")**, a third- party to co- operate our online ride- hailing platform by outsourcing certain daily operation work to Anhui Lianma in ~~most the process of improving cities our platform operates in.~~ **Anhui Lianma has set up** a safety system to ~~build up trust among our users and ensure the safety level, including conducting background checks~~ **check to screen our potential** online ride- hailing drivers and their vehicles to identify those that are not qualified to utilize our platform pursuant to applicable laws and regulations or our internal standards. We have also established a 24 / 7 emergency response mechanism to deal with emergency safety issues. Gaode Maps, Meituan and other online ride- hailing platforms also have various safety measures through mobile apps, such as one- button emergency calls, to protect riders during the trips. We cannot assure you, however, that our own safety system and the safety measures of our cooperated platforms will always meet our expectations or the requirements under applicable laws and regulations, and that we will always be able to filter out unqualified online ride- hailing drivers or timely respond to and deal with emergency matters. We may also fail to effectively control the behaviors of these drivers, or cause them to fully comply with our platform policies and standards. Any negative publicity resulting from any failures, mistakes or omissions of our safety system, including any safety incidents or data security breaches, could materially and adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. We also

take measures to help increase safety, prevent privacy and security breaches, and protect against fraud which may make our platform less convenient ~~44~~ or accessible for some drivers and discourage or diminish their use of our platform. Any reduction in the number or availability of drivers would likely lead to a reduction in platform usage by consumers, which in turn would make our platform less attractive to drivers. Any decline in the number of drivers or consumers using our platform would reduce the value of our network and would harm our future results of operations. If our safety system fails to ensure user safety while using our platform, our business, results of operations and financial condition could be materially and adversely affected. We may be considered as conducting payment services as a non- financial institution without a Payment Business Permit. Gaode Maps settles payments to XXTX' s accounts in Alipay once a week. Meituan and other ~~Other Partner~~ online ride- hailing platforms ~~Platforms~~ settles payments to accounts of Auto Business Entities in Alipay or ~~Qiandaobao~~ banks once a week ~~or a month~~. In general, after deducting service fees of these platforms, the remaining amounts, including the earnings of the drivers and our service fees, are transferred to those accounts in Alipay, ~~Qiandaobao~~ or other banks. Then we settle the payments with the online ride- hailing drivers we served. According to the Measures for the Administration of Payment Services of Non- Financial Institutions which were promulgated by the PRC government on June 14, 2010, effective on September 1, 2010 and amended on April 29, 2020, non- financial institutions are required to obtain a payment business permit (the " Payment Business Permit ") to provide payment services. Neither non- financial institutions nor individuals is permitted to engage in any form of payment business without the approval of the Chinese government, including payment through the Internet. The relevant PRC rules and regulations lack clear guidance as to what practice or process constitutes payment or settlement services without a Payment Business Permit. Therefore, there is a risk that our settlement practice may cause us to be deemed as engaging in payment and settlement services without a license. As of the date of this Report, to our knowledge, we were not required by the relevant regulatory authorities to obtain the Payment Business Permit for our past settlement practice, nor have we received any penalty in connection with any purported operations of payment and settlement services without a Payment Business Permit or otherwise in violation of the above- described rules and regulations. If we encounter issues in this regard, we will consider engaging a licensed commercial bank to escrow our bank account and manage the prepayments received from our enterprise users and refund balances attributable to our individual users. However, we cannot assure you that our cooperation with a commercial bank in this regard would completely address the payment- related risk or such cooperation would suffice for all of our present or future businesses. In addition, the settlement services provided by licensed third- parties and financial institutions are subject to various rules and regulations, which may be amended or reinterpreted to encompass additional requirements. In response to that, we may have to adjust our cooperation with such licensed commercial bank or any other financial institutions and may thus incur higher transaction and compliance costs. Any of the circumstances would have a material and adverse effect on ~~our business, results of operations and..... would in turn materially and adversely affect~~ our business, results of operations and financial condition. Changes to pricing for our online ride- hailing services could materially and adversely affect our ability to attract or retain riders and qualified drivers. Demand for our online ride- hailing services is sensitive to ride fares, which takes into consideration, among other things, incentives paid to online ride- hailing drivers and our service fees. Our pricing strategies could be affected by a number of factors, including operating costs, legal and regulatory requirements or constraints, our current and future competitors' pricing and marketing strategies, the principal requirement of pricing model of our cooperated platforms, and the perception of ride fares as a non- compensatory sharing of travel cost by online ride- hailing drivers. Some competitors offer, or may in the future offer, lower- priced services. Similarly, some competitors may use marketing strategies to attract or retain riders and qualified online ride- hailing drivers at lower costs than us. Certain competitors may also attract and retain riders and qualified online ride- hailing drivers with significant subsidies. As such, we may be forced by competition, regulation or other reasons to reduce ride fares and service fees, increase incentives we pay to online ride- hailing drivers on our platform, reduce our service fees, or to increase our marketing and other expenses. Furthermore, our users' price sensitivity may vary by geographic locations, and as we expand, our pricing methodologies may not enable us to compete effectively in these locations. We may launch new pricing strategies and initiatives, or modify existing pricing methodologies, any of which may not ultimately be successful in attracting and retaining riders and qualified online ride- hailing drivers. Any significant disruption in our IT systems, including service on our online ride- hailing platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operation and financial condition. Our businesses are dependent on the ability of our information technology systems to process massive amounts of information and transactions in a consistently stable and timely manner. Our information technology infrastructure for our online ride- hailing business in Hangzhou is hosted by third- party service providers. Our IT systems infrastructure is currently deployed, and our data is currently maintained through a customized cloud computing system. Our servers are housed at third- party data centers, and our operations depend on the service providers' ability to protect our systems in their facilities as well as their own systems against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm our systems, criminal acts and similar events, many of which may be beyond our control. Many of our mobile applications are also provided through third- party app stores and any disruptions to the services of these app stores may negatively affect the delivery of our mobile applications to users. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host' s facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a system outage, malfunction or data loss, our ability to provide services would be materially and adversely affected. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and profitability. We may continue to experience, system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events could result in material losses of revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our services could adversely affect our business and

reputation and could result in the loss of users. Also, our software, hardware and systems may contain undetected errors, which could have a material adverse impact on our online ride- hailing business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our users' ability to use our platform and services. The models and algorithms that we use for our platform and services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we would be able to detect and resolve all such defects and issues through our quality control measures. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, user service, reputation and our ability to attract new and retain existing car buyers and financial institutions.

~~46~~Any -- Any errors, defects and disruptions in services, or other performance problems with our online ride- hailing platform and other services, whether as a result of third- party error, our error, natural disasters or security breaches, whether accidental or willful, could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatching, matching of users, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. We may not have sufficient capacity to recover all data and services lost in the event of an outage. These factors could prevent us from processing information and other business operations, damage our brands and reputation, divert our employees' attention, reduce our revenue, subject us to liability and cause car buyers and financial institutions to abandon our solutions and services, any of which could adversely affect our business, financial condition and results of operations. In addition, if we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing user preferences or emerging industry standards, our business and prospects may be materially and adversely affected. If we fail to obtain and maintain the requisite licenses and approvals required for our online ride- hailing business, or if we are required to take compliance actions that are time- consuming or costly, our business, results of operations and financial condition may be materially and adversely affected. As of the date of this Report, we believe we have obtained all licenses and permits and made all necessary filings that are essential to the operation of our online ride- hailing platform, many of which are generally subject to regular PRC government review or renewal. However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. If the relevant authorities determine that our platform has not obtained the requisite licenses or our operations are not in compliance with the relevant regulations, we may be required to suspend our operations, which may cause significant loss of our users and materially and adversely affect our business, results of operations and financial condition. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various activities, including the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition. We rely primarily on a third- party insurance policy to insure our auto- related risks relating to our online ride- hailing platform services. If our insurance coverage is insufficient for the needs of our business or our insurance providers are unable to meet their obligations, we may not be able to mitigate the risks facing our business, which could adversely affect our business, results of operations and financial condition. We may become subject to claims arising primarily from our online ride- hailing platform services and automobile operating leasing for automobile- related incidents, including bodily injury, property damage and uninsured and underinsured liability. If we are held liable to these automobile- related claims under court orders and the amounts exceed our applicable aggregate coverage limits, we would bear the excess, in addition to amounts already incurred in connection with deductibles or otherwise paid by our insurance provider. Insurance providers may continue to raise premiums and deductibles in the future. As a result, our insurance and claims expenses could increase, or we may decide to raise our deductibles when our policies are renewed or replaced. Our business, results of operations and financial condition could be adversely affected if cost per claim, premiums or the number of claims significantly exceeds our historical experience and coverage limits, we experience a claim in excess of our coverage limits, our insurance providers fail to pay on our insurance claims, we experience a claim for which coverage is not provided, or the number of claims under our deductibles differs from historic averages. Our business would be adversely affected if drivers were classified as employees, workers or quasi- employees. The classification of drivers is currently being challenged in courts, by legislators and by government agencies in a number of jurisdictions. We may become involved in legal proceedings, including lawsuits, demands for arbitration, charges and claims before administrative agencies, and investigations or audits by labor, social security, and tax authorities that claim that drivers should be treated as our employees (or as workers or quasi- employees where those statuses exist), rather than as independent contractors. We generally treat drivers as independent contractors. However, we may not be successful in defending the classification of drivers in some or all jurisdictions where it is challenged. Furthermore, the costs associated with defending, settling, or resolving pending and future lawsuits (including demands for arbitration) relating to the classification of drivers have been and may continue to be material to our business. In addition, even if we prevail under current law, the process can be time- consuming and cost- inefficient. The law may also be changed in the future in ways that are unfavorable to us. Reclassification of drivers as employees, workers or quasi- employees where those statuses exist could require us to fundamentally change our business model, with repercussions that are difficult to anticipate. Among other things, reclassification could subject us to vicarious liability for any misconduct of drivers, require us to pay them wages, make ~~47~~social -- social insurance contributions or provide other benefits, or reduce our attractiveness to drivers given the loss of flexibility under an employee model. In December 2021, media reported that China plans to amend laws to allow ride- hailing drivers and food delivery workers to form unions. Unions of ride- hailing drivers and food delivery worker in China may complicate our relationship with them and our supply of drivers may be affected adversely. Reclassification could also impact our current financial statement presentation, including the calculation of our revenues, cost of revenues and expenses, as further described in our significant and critical accounting policies in Note 3 to our consolidated financial statements. We rely on third- party payment processors to process payments made by our business partners and payments made

to private car owners and taxi drivers on our platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, results of operations and financial condition could be adversely affected. We rely on third-party payment processors, such as Alipay and ~~Qiandaobao, and rarely,~~ commercial banks, to process payments made by our business partners and payments made to online ride-hailing drivers on our platform. If any of our third-party payment processors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternative payment processor, and may not be able to secure similar terms or replace such payment processor in an agreeable timeframe. Further, the software and services provided by our third-party payment processors may fail to meet our expectations, contain errors or vulnerabilities, encounter disruption or compromise, or experience outages. Our third-party payment processors may also be penalized or suspended if they fail to protect personal information in compliance with relevant laws and regulations. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to private car owners and taxi drivers on our platform, any of which could make our platform less convenient and attractive to users and adversely affect our ability to attract and retain users. We may in the future offer new payment options to users that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our business partners, including with respect to money laundering, money transfers, privacy and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our services less convenient and attractive to our users. If any of these events occurs, our business, results of operations and financial condition could be adversely affected. We depend on the ability of our online ride-hailing platform to operate across third-party applications and platforms that we do not control. In connection with our online ride-hailing business, we have integrations with Gaode Maps, Meituan, Alipay, ~~Qiandaobao~~ **Partner Platforms** and other third-party service providers. As our online ride-hailing services expand and evolve, we may have an increasing number of integrations with third-party applications, products and services. Third party applications, products and services are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following such changes. In addition, some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to and the terms on which we operate and distribute our platform. As our online ride-hailing services continue to evolve, we expect the types and levels of competition to increase. Should any of our competitors or technology partners modify their products, standards or terms of use in a manner that degrades the functionality or performance of our platform or gives preferential treatment to competitive products or services or is otherwise disadvantageous to us, our business, results of operations and financial condition could be materially and adversely affected. Government policies on automobile purchases and usage in the online ride-hailing industry may materially affect our results of operations. Government policies on automobile purchases and ownership may have a material effect on our business due to their influence on consumer behaviors. Since 2009, the PRC government has changed the purchase tax on automobiles with 1.6 liter or smaller engines several times. In addition, in August 2014, several PRC governmental authorities jointly announced that from September 2014 to December 2017, purchases of NEVs designated on certain catalogs will be exempted from the purchase taxes. In April 2015, several PRC governmental authorities also jointly announced that from 2016 to 2020, NEV purchasers designated on certain catalogs will enjoy ~~48~~ **subsidies** -- **subsidies**. In December 2016, relevant PRC governmental authorities further adjusted the subsidy policy for NEVs. On March 26, 2019, the PRC governmental authorities updated government subsidy policy for NEVs which raises the threshold for the subsidy and reduces the amount of subsidies. On April 23, 2020, relevant PRC governmental authorities issue a notice, amongst others, that the subsidy policy for NEVs will be extended to the end of 2022, while the amount of subsidies will be reduced year by year. According to a notice effective from January 1, 2021, the subsidies will be declined by 20% on 2020's basis. On March 24, 2021, Chengdu Ecological Environment Bureau issued the Action Plan for Prevention and Control of Air Pollution in Chengdu in 2021, pursuant to which, all the new cars (including the replaced ones) used for online ride-hailing should be NEVs or hydrogen fuel cell vehicles. Pursuant to the Action Plan for Prevention and Control of Air Pollution in Chengdu in 2022 issued on March 23, 2022, the whole city shall strive to ensure bus and cars used for online ride-hailing be NEVs. On August 21, 2018, General Office of Changsha Municipal People's Government issued the Provisional Detailed Rules of the Implementation Rules for the Administration of Online Booking Taxi Management Services for Changsha, pursuant to which, the company who operates online ride-hailing platform shall give priority to the use of NEVs, and the number of NEVs put into operation shall not be less than 30%. On April 7, 2021, General Office of Changsha Municipal People's Government issued the Three-year Action Plan of Blue Sky Defense for Changsha, pursuant to which, at least 50% of the new cars used for online ride-hailing should be NEVs or hydrogen fuel cell vehicles at the end of calendar year 2023. We have been developing strategic collaboration with BYD, a leading NEV manufacturer in China, and other automobile rental companies who are able to lease us qualified NEVs. As we witness the emergence of NEVs in the automotive industry, as well as the online ride-hailing industry, as the next-generation trend, we have consistently focused on strengthening our cooperation with leading NEV manufacturers to obtain sufficient NEVs with favorable terms for our businesses. However, we cannot ensure we are able to retain long-term stable cooperative relationships with these NEVs companies. Our business growth will be hindered and our results of operations and financial condition will suffer if we could not obtain considerable resources for our business expansions. Besides, we cannot predict whether government subsidies will remain in the future or whether similar incentives will be introduced, and if they are, their impact on automobile retail transactions in China. It is possible that automobile retail transactions may decline significantly upon expiration of the existing government subsidies if consumers have become used to such incentives and delay purchase decisions in the absence of new incentives. If automobile retail transactions indeed decline, our revenues may fluctuate and our results of operations may be materially and adversely affected. Our business is subject to laws, regulations and regulatory policies that are being continuously amended and improved, and the interpretation

and implementation of newly established policies may remain uncertain, which could have an adverse impact on our business and future prospects. As of March 31, 2023-2024, our business are is available in 26-22 cities in China. As the online ride-hailing industry is still at a relatively early stage of development, new laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. In addition, considerable uncertainties still exist with respect to the interpretation and implementation of existing laws and regulations governing our business activities. For example, we generally treat drivers as independent contractors, but that determination may be challenged. See "Risks — Our business would be adversely affected if drivers were classified as employees, workers or quasi-employees". A large number of proposals are before various regional, and local legislative bodies and regulatory entities regarding issues related to our industry or our business model. As of March 31, 2023-2024, we had not been subject to any material fines or other penalties under any PRC laws or regulations as to our business operations. As we expand into new cities or as we add new products and services to our platform, we may become subject to additional laws and regulations that we are not subject to now. However, if the PRC government tightens regulatory for industries our business been involved in the future, and subject industry participants to new or specific requirements (including without limitation, capital requirements and licensing requirements), our business, financial condition and prospects would be materially and adversely affected. Meanwhile, compliance with existing and future rules, laws and regulations can be costly and if our practice is deemed to violate any existing or future rules, laws and regulations, it may face injunctions, including orders to cease non-compliant activities, and may be exposed to other penalties as determined by the relevant government authorities as well. 49Our -- Our business is subject to risks related to China's automobile leasing and financing industry, including industry-wide and macroeconomic risks. We operate in China's automobile leasing and financing industry. We cannot assure you that this market will continue to grow rapidly in the future. Further, the growth of China's automobile leasing and financing industry could be affected by many factors, including: • general economic conditions in China and around the world; • the impact by public health epidemics, including epidemic prevention policies in China on the industries we operate in and our business, results of operations and financial condition • the growth of disposable household income and the availability and cost of credit available to finance car purchases and lease; • the growth of China's automobile industry; • taxes and other incentives or disincentives related to NEV purchases and ownership; • environmental concerns and measures taken to address these concerns; • the cost of energy, including gasoline prices, and the cost of car license plates in various cities with license plate lottery or auction systems in China; • the improvement of the highway system and availability of parking facilities; • other government policies relating to automobile leasing and financing in China; • fluctuations in the sales and price of new and used cars; • consumer acceptance of financing car purchases; • changes in demographics and preferences of car purchasers; • ride sharing, transportation networks, and other fundamental changes in transportation pattern; and • other industry-wide issues, including supply and demand for cars and supply chain challenges. Any adverse change to these factors could reduce demand for used cars and hence demand for our services, and our results of operations and financial condition could be materially and adversely affected. We have incurred net losses and may continue to incur net losses in the future. We had net losses from our continuing operations of \$ 4, 234, 214 and \$ 3, 790, 693 and \$ 5, 606, 145 in the years ended March 31, 2024 and 2023 and 2022, respectively. We had net loss from our discontinued operations of \$ 2, 747, 209 for the year ended March 31, 2022. We may continue to incur losses in the future. We anticipate that our operating expenses will increase in the foreseeable future as we seek-schedule to continue to grow our business, attract more customers and further enhance and develop our current businesses and may seek for other profitable business in the future. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Our net revenue growth may slow, our net income margins may decline or we may incur additional net losses in the future and may not be able to achieve and maintain profitability on a quarterly or annual basis. In addition, our net revenue growth rate will likely decline as our net revenue grows to higher levels. Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China. Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We 50have-- have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the requirements of our operations. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed. We have identified material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud. In connection with the audit of our consolidated financial statements for the year ended March 31, 2023-2024, we have identified "material weaknesses" and other control deficiencies including significant deficiencies in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States (the "PCAOB"), a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses that have been identified include: (i) insufficient personnel with appropriate levels of accounting knowledge and experience to address complex U. S. GAAP accounting issues and to prepare and review financial statements and related disclosures under U. S. GAAP; (ii) be lacking adequate policies and procedures in

internal audit function to ensure that our policies and procedures have been carried out as planned; and (iii) had deficiencies in our IT general control regarding to the Logical Access Security, Change Management, IT Operations and Cybersecurity of our financial system and key application system. We have implemented, and will continue to implement, measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to these material weaknesses. We plan to (i) continuously hire additional accounting staffs with comprehensive knowledge of U. S. GAAP and SEC reporting requirements; (ii) ameliorate our internal audit to assist with assessment of Sarbanes- Oxley compliance requirements and improvement of internal controls related to financial reporting; and (iii) improving our IT environment and daily management. We cannot assure you that the measures we have taken to date, and actions we intend to take in the future, will be sufficient to remediate material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. In addition, neither our management nor an independent registered public accounting firm has performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes- Oxley Act because no such evaluation has been required. Had we or our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes- Oxley Act, additional material weaknesses may have been identified. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, potentially resulting in restatements of our financial statements, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports and applicable Nasdaq listing requirements, investors may lose confidence in our financial reporting, and our share price may decline as a result. We have limited business insurance coverage. Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Currently, we do not have any business liability or disruption insurance to cover our operations other than the accident insurance and commercial liability insurance, which are mandatory, on all the automobiles we purchase for sales or financing. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

~~51 Our~~ **Our** common stock will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCA Act, in the future if the PCAOB is unable to inspect or investigate completely our auditors. The delisting of our common stock, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections of our auditors would deprive our investors of the benefits of such inspections. The Holding Foreign Companies Accountable Act, or the HFCAA, was enacted on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares from being traded on a national securities exchange or in the over- the- counter trading market in the United States. Our current auditor, Marcum Asia CPAs LLP, or Marcum Asia, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Marcum Asia is headquartered in New York, New York, and was not included in the list of PCAOB Identified Firms in the PCAOB Determination Report issued in December 2021. We are required by the HFCAA to have an auditor that is subject to the inspection by the PCAOB. While our present auditor is located in the United States and the PCAOB is able to conduct inspections on such auditor, to the extent this status changes in the future and our auditor’ s audit documentation related to their audit reports for our company becomes outside of the inspection by the PCAOB or if the PCAOB is unable to inspect or investigate completely our auditor because of a position taken by an authority in a foreign jurisdiction, trading in our common stock could be prohibited under the HFCAA, and as a result our common stock could be delisted from Nasdaq. On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCAA, which became effective on May 5, 2021. We will be required to comply with these rules if the SEC identifies our auditors as having a “ non- inspection ” year under a process to be subsequently established by the SEC. On May 13, 2021, the PCAOB proposed a new rule for implementing the HFCAA. Among other things, the proposed rule provides a framework for the PCAOB to use when determining, under the HFCAA, whether it is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. The proposed rule would also establish the manner of the PCAOB’ s determinations; the factors the PCAOB will evaluate and the documents and information it will consider when assessing whether a determination is warranted; the form, public availability, effective date, and duration of such determinations; and the process by which the board of the PCAOB can modify or vacate its determinations. The proposed rule was adopted by the PCAOB on September 22, 2021 and approved by the SEC on November 5, 2021. On June 22, 2021, the U. S. Senate passed the Accelerating Holding Foreign Companies Accountable Act which proposed to reduce the number of consecutive non- inspection years required for triggering the prohibitions under the HFCAA from three years to two, thus reducing the time period before the securities of such foreign companies may be prohibited from trading or delisted. On December 29, 2022, the Accelerating Holding Foreign Companies Accountable Act was signed into law by the U. S. House of Representatives, which officially reduce the number of years that the auditor is not subject to inspection to two consecutive years. On December 16, 2021, the PCAOB issued a report on its determinations that it is unable to inspect or investigate completely PCAOB- registered public accounting firms headquartered in mainland China and in Hong Kong because of positions taken by mainland China and Hong Kong authorities in those jurisdictions. The PCAOB has made such designations as mandated under the HFCA Act. Pursuant to each annual determination by the PCAOB, the SEC will, on an

annual basis, identify issuers that have used non- inspected audit firms and thus are at risk of such suspensions in the future. As of the date of this annual report, our auditor is not subject to the determinations announced by the PCAOB on December 16, 2021. The SEC is assessing how to implement other requirements of the HFCAA, including the listing and trading prohibition requirements described above. The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to the PCAOB inspection. For example, on August 6, 2020, the President’ s Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfill its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCAA. However, some of the recommendations were more stringent than the HFCAA. For example, if a company was not subject to the PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022. ~~52 On~~ **On** August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the Ministry of Finance of the PRC (the “ Statement of Protocol ”), which is intended to enable the PCAOB to inspect and investigate completely registered public accounting firms in mainland China and Hong Kong. According to a statement released by the PCAOB, the Statement of Protocol (i) provides the PCAOB with sole discretion to select the firms, audit engagements and potential violations it inspects and investigates without consultation with, nor input from, Chinese authorities, (ii) puts procedures in place for PCAOB inspectors and investigators to view complete audit work papers with all information included and for the PCAOB to retain information as needed and (iii) provides the PCAOB with direct access to interview and take testimony from all personnel associated with the audits the PCAOB inspects or investigates. While the Chairs of both the PCAOB and the SEC made statements supporting the Statement of Protocol, both emphasized that this is only the first step in the process. As such, uncertainties remain regarding how the Statement of Protocol will be implemented and how it will impact China- based issuers and there is no assurance that the PCAOB will be able to execute, in a timely manner, its future inspections and investigations in a manner that satisfies the Statement of Protocol. While the Statement of Protocol may lead to resolution of the previously identified issues, there can be no assurance that this will be the case. On December 15, 2022, the PCAOB issued a new Determination Report which: (1) vacated the December 16, 2021 Determination Report; and (2) concluded that the PCAOB has been able to conduct inspections and investigations completely in the PRC in 2022. The December 15, 2022 Determination Report cautions, however, that authorities in the PRC might take positions at any time that would prevent the PCAOB from continuing to inspect or investigate completely. As required by the HFCAA, if in the future the PCAOB determines it no longer can inspect or investigate completely because of a position taken by an authority in the PRC, the PCAOB will act expeditiously to consider whether it should issue a new determination. While the HFCAA is not currently applicable to the Company because the Company’ s current auditors are subject to PCAOB review, if this changes in the future for any reason, the Company may be subject to the HFCAA. The implications of this regulation if the Company were to become subject to it are uncertain. Such uncertainty could cause the market price of our common stock to be materially and adversely affected, and our securities could be delisted or prohibited from being traded on Nasdaq earlier than would be required by the HFCAA. If our common stock is unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase the common stock when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of the common stock. We face risks related to natural disasters, health epidemics and other outbreaks, such as COVID- 19, which could significantly disrupt our operations. We are vulnerable to other natural disasters and calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break- ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services. The COVID- 19 pandemic has materially and adversely affected the global economy, our markets in China and our business. Our business was adversely affected by the effects of COVID- 19 coronavirus, the prevention and control policies, including the zero- COVID policy in China. Although China has adjusted the prevention and control policies against COVID- 19 and the market has been gradually recovering from the COVID- 19 pandemic, we could not forecast whether the prevention and control policies shall be similar if other epidemics incur in the future. Upon such occurrence, our operation may be materially and adversely impacted. Our business could also be adversely affected by the effects of other epidemics. Our business operations could be disrupted if any of our employees is infected, since it could require our employees to be quarantined and / or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general. **1.53 Risks Related to Doing Business in China**

~~1. Corporate Structure Our~~ **Structure Our** current corporate structure and business operations may be affected by the Foreign Investment Law. If the PRC government deems that our business falls within certain relevant industries that are subject to restriction or limitation, or if these regulations or the interpretation of existing regulations change in the future, we may have to adjust our corporate structure, switch our business focus, or even be forced to relinquish our interests in those operations. The PRC Foreign Investment Law grants national treatment to foreign- invested entities, except for those foreign- invested entities that operate in industries specified as either “ restricted ” or “ prohibited ” from foreign investment in a “ Negative List ”. Foreign ownership of internet- based businesses, such as distribution of online information, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50 % of the equity interests in a value- added telecommunication service provider (except e- commerce, domestic multiparty communication, store- and- forward and call center) in accordance with the Provisions on the Administration of Foreign- invested Telecommunication Enterprises and the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2021 Version) (which came into force and replaced the 2020 Version on January 1, 2022). The PRC Foreign Investment Law provides that foreign- invested entities operating in “ restricted ” or “ prohibited ” industries will require market

entry clearance and other approvals from relevant PRC government authorities. If any of our business is “restricted” or “prohibited” from foreign investment under the “Negative List” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, and we may be required to unwind or restructure our business operations, any of which may have a material adverse effect on our business operation. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to our business operation, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations. Our Previous Contractual arrangements in relation to Sichuan Senmiao may be subject to scrutiny by the PRC tax authorities and they may determine that we or Sichuan Senmiao owe additional taxes, which could negatively affect our financial condition and the value of your investment. Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The EIT Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm’s length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that our previous contractual arrangements among Senmiao Consulting, Sichuan Senmiao, and Sichuan Senmiao Shareholders were not entered into on an arm’s length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust Sichuan Senmiao’s income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by Sichuan Senmiao for PRC tax purposes, which could in turn increase its tax liabilities without reducing Senmiao Consulting’s tax expenses. In addition, if the equity interest transfer between Senmiao Consulting and certain shareholders of Sichuan Senmiao Shareholders in March 2022 was viewed as a gift and subject Senmiao Consulting to PRC income tax, the PRC tax authorities may impose late payment fees and other penalties on Sichuan Senmiao for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if Sichuan Senmiao’s tax liabilities increase or if it is required to pay late payment fees and other penalties. If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non- PRC stockholders. Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25 %. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC- controlled enterprise that is incorporated offshore is located in China. Although this circular ~~54only~~ **only** applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day- to- day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50 % of voting board members or senior executives habitually reside in the PRC. We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that the Company or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then the Company or such subsidiary could be subject to PRC tax at a rate of 25 % on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our securities may be subject to PRC tax, at a rate of 10 % in the case of non- PRC enterprises or 20 % in the case of non- PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non- PRC stockholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our securities. Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future. The PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of certain taxable assets, including, in particular, equity interests in a PRC resident enterprise, by a non- resident enterprise by promulgating and implementing SAT Circular 59 and Circular 698, which became effective in January 2008, and a SAT Bulletin 7 in replacement of some of the existing rules in Circular 698, which became effective in February 2015. Under Circular 698, where a non- resident enterprise conducts an “indirect transfer” by transferring the equity interests of a PRC “resident enterprise” indirectly by disposing of the equity interests of an overseas holding company, the non- resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of

company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10 %. Circular 698 also provides that, where a non- PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. In February 2015, the SAT issued SAT Bulletin 7 to replace the rules relating to indirect transfers in Circular 698. SAT Bulletin 7 has introduced a new tax regime that is significantly different from that under Circular 698. SAT Bulletin 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non- resident enterprise conducts an “ indirect transfer ” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non- resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “ substance over form ” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10 % for the transfer of equity interests in a PRC resident enterprise.

55 On October 17, 2017, the SAT issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non- resident Enterprises, or the SAT Notice 37, which came into effect on December 1, 2017. According to SAT Notice 37, where the non- resident enterprise fails to declare its tax payable pursuant to Article 39 of the EIT Law, the tax authority may order it to pay its tax due within required time limits, and the non- resident enterprise shall declare and pay its tax payable within such time limits specified by the tax authority. If the non- resident enterprise voluntarily declares and pays its tax payable before the tax authority orders it to do so, it shall be deemed that such enterprise has paid its tax payable in time. We face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non- PRC resident enterprises. The PRC tax authorities may pursue such non- resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non- resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed, under Circular 59, SAT Bulletin 7 or SAT Notice 37, and may be required to expend valuable resources to comply with Circular 59, SAT Bulletin 7 and SAT Notice 37 or to establish that we and our non- resident enterprises should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations. The PRC tax authorities have the discretion under SAT Circular 59, SAT Bulletin 7 and SAT Notice 37 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. Although we currently have no plans to pursue any acquisitions in China or elsewhere in the world, we may pursue acquisitions in the future that may involve complex corporate structures. If we are considered a non- resident enterprise under the EIT Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under SAT Circular 59, SAT Bulletin 7 and SAT Notice 37, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

2. Other Risks We -- Risks We are required to obtain a value- added telecommunication business certificate and be subject to foreign investment restrictions. PRC regulations impose sanctions for engaging in Internet information services of a commercial nature without having obtained an ICP certificate. PRC regulations also impose sanctions for engaging in the operation of online data processing and transaction processing without having obtained an online data processing and transaction processing, or ODPTP, certificate (ICP and ODPTP are both sub- sets of value- added telecommunication business certificates). These sanctions include corrective orders and warnings from the PRC communication administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the websites may be ordered to cease operation. To the extent that the PRC regulatory authorities require such value- added telecommunication certificate to be obtained or set forth rules that impose additional requirements. As of the date of this Report, none of our subsidiaries have been authorized VATS licenses as we are do not operate the value- added telecommunications services as defined by the regulations. However, it is uncertain whether any of our business are defined as the operation of a value- added telecommunication business in the future and we do not obtain such certificate, we may be subject to the sanctions described above. According to the Provisions on the Administration of Foreign- Invested Telecommunication Enterprises, the ratio of investment by foreign investors in a foreign- invested telecommunication enterprise that engages in the operation of a value- added telecommunication business shall not exceed 50 %. Foreign investors are only permitted to invest up to 50 % of the registered capital in a foreign- invested telecommunication enterprise that engages in the operation of commercial Internet information services or general online data processing and transaction processing services. As an exception, Circular 196, which was promulgated on June 19, 2015, provides that foreign investors are permitted to invest up to 100 % of the registered capital in a foreign- invested telecommunication enterprise engaging in the operation of online data processing and transaction processing (E- commerce). While Circular 196 permits foreign ownership, in whole or in part, of online data processing and transaction processing businesses (E- commerce), a sub- set of value- added telecommunications services, there is still uncertainty regarding whether foreign investment restrictions may be applied to our business and industry. Further, under either circumstance, the largest foreign investor will be required to have a satisfactory business track record and operational experience in the value- added telecommunication business. Any restructuring to meet the requirements may be costly and may involve interruptions to our business. If we are unable to obtain the telecommunication business certificate in a timely fashion, our

business may be materially and adversely affected. ~~56Substantial~~ **Substantial** uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business that we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition. Our business operations conducted through our PRC operating entities may be adversely affected by the current and future political environment in the PRC. Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. The Chinese government exerts substantial influence and control over the manner in which we must conduct our business activities. Our ability to operate in China may be adversely affected by changes in Chinese laws and regulations. Under the current government leadership, the government of the PRC has been pursuing reform policies which have adversely affected China-based operating companies whose securities are listed in the United States, with significant policies changes being made from time to time without notice. There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of our contractual arrangements with borrowers in the event of the imposition of statutory liens, death, bankruptcy or criminal proceedings. Only after 1979 did the Chinese government begin to promulgate a comprehensive system of laws that regulate economic affairs in general, deal with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, as well as encourage foreign investment in China. Although the influence of the law has been increasing, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. Also, because these laws and regulations are relatively new, and because of the limited volume of published cases and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. In addition, there have been constant changes and amendments of laws and regulations over the past 30 years in order to keep up with the rapidly changing society and economy in China. Because government agencies and courts provide interpretations of laws and regulations and decide contractual disputes and issues, their inexperience in adjudicating new business and new policies or regulations in certain less developed areas causes uncertainty and may affect our business. Consequently, we cannot predict the future direction of Chinese legislative activities with respect to either businesses with foreign investment or the effectiveness on enforcement of laws and regulations in China. The uncertainties, including new laws and regulations and changes of existing laws, as well as judicial interpretation by inexperienced officials in the agencies and courts in certain areas, may cause possible problems to foreign investors. Although the PRC government has been pursuing economic reform policies for more than two decades, the PRC government continues to exercise significant control over economic growth in the PRC through the allocation of resources, controlling payments of foreign currency, setting monetary policy and imposing policies that impact particular industries in different ways. We cannot assure you that the PRC government will continue to pursue policies favoring a market oriented economy or that existing policies will not be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting political, economic and social life in the PRC. Accordingly, given the PRC government's significant oversight and discretion over the conduct of our operating subsidiaries' business, it may intervene or influence the operations of our PRC subsidiaries at any time and to exert control over an offering of securities conducted overseas and / or foreign investment in China-based issuers, which may cause us to make material changes to the operations of our PRC subsidiaries and could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless. Adverse regulatory developments in China may subject us to additional regulatory review, and additional disclosure requirements and regulatory scrutiny to be adopted by the SEC in response to risks related to recent regulatory developments in China may impose additional compliance requirements for companies like us with significant China-based operations, all of which could increase our compliance costs, subject us to additional disclosure requirements. In addition, uncertainties with respect to the PRC legal system could adversely affect us. We conduct all of our business through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws and regulations applicable to wholly foreign-owned enterprises. The PRC legal system is based on statutes. Prior court decisions may be cited for reference but have limited precedential value. The recent regulatory developments in China, in particular with respect to restrictions on China-based companies raising capital offshore, may lead to additional regulatory review in China over our financing and capital raising activities in the United States. In addition, we may be subject to industry-wide regulations that may be adopted by the relevant PRC authorities, which may have the ~~57effect~~ **effect** of limiting our service offerings, restricting the scope of our operations in China, or causing the suspension or termination of our business operations in China entirely, all of which will materially and adversely affect our business, financial condition and results of operations. We may have to adjust, modify, or completely change our business operations in response to adverse regulatory changes or policy developments, and we cannot assure you that any remedial action adopted by us can be completed in a timely, cost-efficient, or liability-free manner or at all. On July 30, 2021, in response to the recent regulatory developments in China and actions adopted by the PRC government, the Chairman of the SEC issued a statement asking the SEC staff to seek additional disclosures from offshore issuers associated with China-based operating companies before their registration statements will be declared effective. On August 1, 2021, the CSRC stated in a statement that it had taken note of the new disclosure requirements announced by the SEC regarding the listings of Chinese companies and the recent regulatory development in China, and that both countries should strengthen communications on regulating China-related issuers. To the best knowledge of this Company, as of the date of this Report, current Chinese laws and regulations do not forbid us from issuing securities overseas. On December 24, 2021, the CSRC published the Administration of Overseas Securities

Offering and Listing by Domestic Companies (the “ Draft Administrative Provisions ”) and the Administration Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (the “ Draft Filing Measures ”). The Draft Administrative Provisions and the Draft Filing Measures lay out requirements for filing and include unified regulation management, strengthening regulatory coordination, and cross- border regulatory cooperation. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “ Trial Measures ”), which took effect on March 31, 2023. On the same date, the CSRC circulated Supporting Guidance Rules No. 1 through No. 5, Notes on the Trial Measures, Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and relevant CSRC Answers to Reporter Questions, or collectively, the Guidance Rules and Notice, on CSRC’ s official website. The Trial Measures, together with the Guidance Rules and Notice reiterate the basic principles of the Draft Administrative Provisions and Draft Filing Measures and impose substantially the same requirements for the overseas securities offering and listing by domestic enterprises, and clarified and emphasized several aspects, which include but are not limited to: (1) criteria to determine whether an issuer will be required to go through the filing procedures under the Trial Measures; (2) exemptions from immediate filing requirements for issuers including those that have already been listed in foreign securities markets, including U. S. markets, prior to the effective date of the Trial Measures, but these issuers shall still be subject to filing procedures if they conduct refinancing or are involved in other circumstances that require filing with the CSRC; (3) a negative list of types of issuers banned from listing or offering overseas, such as issuers whose affiliates have been recently convicted of bribery and corruption; (4) issuers’ compliance with web security, data security, and other national security laws and regulations; (5) issuers’ filing and reporting obligations, such as obligation to file with the CSRC after it submits an application for initial public offering to overseas regulators, and obligation after offering or listing overseas to file with the CSRC after it completes subsequent offerings and to report to the CSRC material events including change of control or voluntary or forced delisting of the issuer; and (6) the CSRC’ s authority to fine both issuers and their relevant shareholders for failure to comply with the Trial Measures, including failure to comply with filing obligations or committing fraud and misrepresentation. Specifically, pursuant to the Trial Measures, our future securities offerings in the Nasdaq Capital Market where we have previously offered and listed shall also be filed with the CSRC within 3 working days after the offering is completed. The Trial Measures provide the CSRC with power to warn, fine, and issue injunctions against both PRC domestic companies, their controlling shareholders, and their advisors in listing or offering securities (collectively, the “ Subject Entities ”), as well as individuals directly responsible for these Subject Entities (the “ Subject Individuals ”). For failure to comply with the Trial Measures Negative List or the Trial Measures Filing Obligations, or materially false or misleading statements in the filing and reporting required by the Trial Measures: (1) PRC domestic companies, and their controlling shareholders if the controlling shareholders induced the PRC domestic companies’ failure to comply, severally, may face warnings, injunctions to comply, and fines between RMB1 million and RMB10 million ( ~~approximately \$ 145-138, 647-408~~ and \$ 1, ~~456-384, 473-083~~ ); the Subject Individuals in these entities may severally, face warnings and fines between RMB0. 5 million and RMB5 million ( ~~approximately \$ 72-69, 824-204~~ and \$ ~~728-692, 237-040~~ ). (2) Advisors in listing or offering securities that failed to dutifully advise the PRC domestic companies and their controlling shareholders in complying with the Trial Measures and caused such failures to comply can face warnings and fines between RMB0. 5 million and RMB5 million ( ~~approximately \$ 72-69, 824-204~~ and \$ ~~728-692, 237-040~~ ); the Subject Individuals in these advisor entities may, severally, face warnings and fines between RMB0. 2 million and RMB2 million ( ~~approximately \$ 29-27, 129-682~~ and \$ ~~291-276, 295-820~~ ). As the Trial Measures are newly issued, there remain uncertainties regarding its interpretation and implementation. Therefore, we cannot assure you that we will be able to complete the filings for our future offerings and fully comply with the relevant new rules on a timely basis, if at all. In addition, we cannot guarantee that we will not be subject to tightened regulatory review and we could be exposed to government interference in China. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws ~~58and --~~ and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. Compliance with China’ s new Data Security Law, Measures on Cybersecurity Review, Personal Information Protection Law, regulations and guidelines relating to the multi- level protection scheme and any other future laws and regulations may entail significant expenses and could materially affect our business. China has implemented or will implement rules and is considering a number of additional proposals relating to data protection. China’ s Data Security Law promulgated by the SCNPC in June 2021, took effect in September 2021. The Data Security Law provides that the data processing activities must be conducted based on “ data classification and hierarchical protection system ” for the purpose of data protection and prohibits entities in China from transferring data stored in China to foreign law enforcement agencies or judicial authorities without prior approval by the Chinese government. As the Data Security Law has not yet come into effect, we may need to make adjustments to our data processing practices to comply with this law. Additionally, China’ s Cyber Security Law, requires companies to take certain organizational, technical and administrative measures and other necessary measures to ensure the security of their networks and data stored on their networks. Specifically, the Cyber Security Law provides that China adopt a multi- level protection scheme (MLPS), under which network operators are required to perform obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered. Under the MLPS, entities operating information systems must have a thorough assessment of the risks and the conditions of their information and network systems

to determine the level to which the entity's information and network systems belong- from the lowest Level 1 to the highest Level 5 pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security. The grading result will determine the set of security protection obligations that entities must comply with. Entities classified as Level 2 or above should report the grade to the relevant government authority for examination and approval. **The**

~~During the year ended March 31, 2022, the~~ CAC has taken action against several Chinese internet companies in connection with their initial public offerings on U. S. securities exchanges, for alleged national security risks and improper collection and use of the personal information of Chinese data subjects. According to the official announcement, the action was initiated based on the National Security Law, the Cyber Security Law and the Measures on Cybersecurity Review, which are aimed at " preventing national data security risks, maintaining national security and safeguarding public interests. " It is unclear at the present time how widespread the cybersecurity review requirement and the enforcement action will be and what effect they will have on the life sciences sector generally and the Company in particular. China's regulators may impose penalties for non- compliance ranging from fines or suspension of operations, and this could lead to us delisting from the U. S. stock market. Also, on August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, started to be implemented on November 1, 2021. The law creates a comprehensive set of data privacy and protection requirements that apply to the processing of personal information and expands data protection compliance obligations to cover the processing of personal information of persons by organizations and individuals in China, and the processing of personal information of persons in China outside of China if such processing is for purposes of providing products and services to, or analyzing and evaluating the behavior of, persons in China. The law also proposes that critical information infrastructure operators and personal information processing entities who process personal information meeting a volume threshold to- be- set by Chinese cyberspace regulators are also required to store in China personal information generated or collected in China, and to pass a security assessment administered by Chinese cyberspace regulators for any export of such personal information. Lastly, the draft contains proposals for significant fines for serious violations of up to RMB50 million or 5 % of annual revenues from the prior year. Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement. Compliance with the Cyber Security Law and the Data Security Law could significantly increase the cost to us of providing our service offerings, require significant changes to our operations or even prevent us from providing certain service offerings in jurisdictions in which we currently operate or in which we may operate in the future. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, and our belief that we are currently in compliance therewith, it is possible that our practices, offerings or platform could fail to meet all of the requirements imposed on us by the Cyber Security Law, the Data Security ~~59~~Law-- **Law** and / or related implementing regulations. Any failure on our part to comply with such law or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing counterparties from contracting with us or result in investigations, fines, suspension or other penalties by Chinese government authorities and private claims or litigation, any of which could materially adversely affect our business, financial condition and results of operations. Even if our practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations. Moreover, the legal uncertainty created by the Data Security Law and the recent Chinese government actions could materially adversely affect our ability, on favorable terms, to raise capital, including engaging in follow- on offerings of our securities in the U. S. market or the Stock Exchange of Hong Kong. While we believe that our current operations are in compliance with the laws and regulations of the Cyberspace Administration of China, our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to its business or industry. Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact our business and our offering. On December 28, 2021, the CAC and other relevant PRC governmental authorities jointly promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022. The Cybersecurity Review Measures provide that, in addition to critical information infrastructure operators (" CIIOs ") that intend to purchase Internet products and services, online platform operators engaging in data processing activities that affect or may affect national security must be subject to cybersecurity review by the Cybersecurity Review Office of the PRC. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Cybersecurity Review Measures require that an online platform operator which possesses the personal information of at least one million users must apply for a cybersecurity review by the CAC if it intends to be listed in foreign countries. On November 14, 2021, the CAC promulgated the draft Regulations on the Administration of Cyber Data Security for public comment, pursuant to which data processors conducting certain activities must apply for cybersecurity review. The draft regulations also require that data processors processing important data or going public overseas shall conduct an annual data security self- assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of the CAC before January 31 each year. Further, the draft regulations would require internet platform operators to establish platform rules, privacy policies and algorithm strategies related to data, and solicit public comments on their official websites and personal information protection related sections for no less than 30 working days when they formulate platform rules or privacy policies or makes any amendments that may have a significant impact on users' rights and interests. In addition, platform rules and privacy policies formulated by operators of large internet platforms with more than 100 million daily active users, or amendments to such rules or policies by operators of large internet platforms with more than 100 million daily active users that may have significant impacts on users' rights and interests shall be evaluated by a third- party organization designated by the CAC and reported to local branch of the CAC for approval. The CAC

has solicited comments on this draft until December 13, 2021, but there is no definite timetable as to when the draft regulations will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of such regulations. We have made our determinations based on Yuantai Law Offices, our PRC counsel, to the extent that the discussion relates to matters of CSRC, CAC and other government authorities on our PRC subsidiaries' operations and concluded that: as of the date of this Report, we, our PRC subsidiaries and equity investee company, (i) are not required to obtain permissions from the CSRC, CAC or any other government authorities on our PRC subsidiaries' operations, and (ii) have not received or were denied such permissions by any PRC government authorities. If the Security Administration Draft is enacted as proposed, we believe that the operations of our PRC subsidiaries and our listing will not be affected and that we will not be subject to cybersecurity review by the CAC, given that our PRC subsidiaries possess personal data of fewer than one million individual clients and do not collect data that affects or may affect national security in their business operations as of the date of this Report and do not anticipate that they will be collecting over one million users' personal information or data that affects or may affect national security in the near future. There remains uncertainty, however, as to how the Cybersecurity Review Measures and the Security Administration Draft will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the Security Administration Draft. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on us. We cannot guarantee, however, that we will not be subject to cybersecurity review and network data security review in the future. During such reviews, we may be required to suspend our operation or experience other disruptions to our ~~60operations~~ **operations**. Cybersecurity review and network data security review could also result in negative publicity with respect to our Company and diversion of our managerial and financial resources, which could materially and adversely affect our business, financial conditions, and results of operations. As of the date of this Report, we have not received any notice from any authorities identifying our PRC subsidiaries as CIIOs. However, given the uncertainties surrounding the interpretation and implementation of the Cyber Security Law, Data Security Law and relevant regulations, we cannot rule out the possibility that we, or certain of our customers or suppliers may be deemed as a CIIO, or an operator processing "important data." First, if we are deemed as a CIIO, our purchase of network products or services, if deemed to be affecting or may affect national security, will need to be subject to cybersecurity review, before we can enter into agreements with relevant customers or suppliers, and before the conclusion of such procedure, these customers will not be allowed to use our products or services, and we are not allowed to purchase products or services from our suppliers. There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to follow such procedures. Any failure or delay in the completion of the cybersecurity review procedures may prevent us from using certain network products and services, and may result in fines of up to ten times the purchase price of such network products and services being imposed upon us, if we are deemed a CIIO using network products or services without having completed the required cybersecurity review procedures. If the reviewing authority is of the view that the use of such network products or services by us, or by certain of our customers or suppliers, involves risk of disruption, is vulnerable to external attacks, or may negatively affect, compromise, or weaken the protection of national security, we may not be able to provide such products or services to relevant customers, or purchase products or services from relevant suppliers. This could have a material adverse effect on our results of operations and business prospects. Second, the notion of "important data" is not clearly defined by the Cyber Security Law or the Data Security Law. In order to comply with the statutory requirements, we will need to determine whether we possess important data, monitor the important data catalogs that are expected to be published by local governments and departments, perform risk assessments and ensure we are complying with reporting obligations to applicable regulators. We may also be required to disclose to regulators business- sensitive or network security- sensitive details regarding our processing of important data, and may need to pass the government security review or obtain government approval in order to share important data with offshore recipients, which can include foreign licensors, or share data stored in China with judicial and law enforcement authorities outside of China. If judicial and law enforcement authorities outside China require us to provide data stored in China, and we are not able to pass any required government security review or obtain any required government approval to do so, we may not be able to meet the foreign authorities' requirements. The potential conflicts in legal obligations could have adverse impact on our operations in and outside of China. We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet- related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations. The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet- related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the State Council Information Office, the MIIT, and the MPS). The primary role of this new agency is to facilitate the policy- making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross- ministry regulatory matters in relation to the internet industry. The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value- added Telecommunications Business, issued by the MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this circular, either the holder of a value- added telecommunication services operation permit or

its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The circular also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. ~~61~~ **The** interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations. PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of from our public offerings to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. Under PRC laws and regulations, we are permitted to utilize the proceeds from our public offerings to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration and approval requirements. Any loans to our PRC subsidiaries, which are treated as foreign- invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. The statutory limit for the total amount of foreign debts of a foreign- invested company is the difference between the amount of total investment as approved by the MOFCOM or its local counterpart and the amount of registered capital of such foreign- invested company or 2. 5 times of the net assets of such foreign- invested company. We have financed and expect to continue to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be approved by the MOFCOM or its local counterpart. In addition, SAFE issued a circular in September 2008, SAFE Circular 142, regulating the conversion by a foreign- invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign- invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and unless otherwise provided by law, may not be used for equity investments within the PRC. On July 4, 2014, the SAFE issued the Circular of the SAFE on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign- invested Enterprises, or SAFE Circular 36, which launched a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign- invested enterprises in certain designated areas from August 4, 2014 and some of the restrictions under SAFE Circular 142 will not apply to the settlement of the foreign exchange capitals of the foreign- invested enterprises established within the designate areas and such enterprises are allowed to use its RMB capital converted from foreign exchange capitals to make equity investment. On March 30, 2015, SAFE promulgated Circular 19, to expand the reform nationwide. Circular 19 came into force and replaced both Circular 142 and Circular 36 on June 1, 2015. Circular 19 allows foreign- invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. However, Circular 19 continues to prohibit foreign- invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non- financial enterprises. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign- invested company. The use of such RMB capital may not be altered without SAFE' s approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. On June 9, 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (“ Circular 16 ”), which became effective simultaneously. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to RMB on self- discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self- discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that RMB converted from foreign currency- denominated capital of a company may not be directly or indirectly used for purpose beyond its business scope or prohibited by PRC Laws or regulations, while such converted RMB shall not be provide as loans to its non- affiliated entities. SAFE has not provided detailed guidelines with respect to its interpretation or implementation, it is uncertain how these rules will be interpreted and implemented. Violations of these Circulars could result in severe monetary or other penalties. These circulars may significantly limit our ability to use RMB converted from the net proceeds of our public offerings to fund the establishment of new entities in China by our PRC subsidiaries, to invest in or acquire any other PRC companies through our PRC subsidiaries. ~~62~~ **As** March 31, 2023-2024, the Company has made accumulated capital contributions and loans of \$ 21. 1 million and \$ 2. 9-1 million directly to the subsidiaries, respectively. The contributions were generated from our historical offering proceeds. Besides, the Company also loaned accumulated approximately \$ 2-1. 2-7 million to our former VIE ~~the equity investee company~~, Jinkailong, through our subsidiaries in PRC **in prior years**. The loans were from the daily operation of these subsidiaries. In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future capital contributions or future loans by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from our

public offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business. We are a holding company, and we rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our stockholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries, as a wholly foreign- owned enterprise in China, may pay dividends only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign- owned enterprise is required to set aside at least 10 % of its accumulated after- tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50 % of its registered capital. At its discretion, a wholly foreign- owned enterprise may allocate a portion of its after- tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Our PRC subsidiaries currently suffer accumulated loss and are unable to pay us any dividend given their financial condition. If our PRC subsidiaries' financial condition improves, the above discussed PRC laws will likely limit their ability to pay dividends or make other distributions to us. Such limitations could materially and adversely impact our cash flows and limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment. Substantially all of our revenues and expenditures are denominated in RMB, whereas our reporting currency is the U. S. dollar. As a result, fluctuations in the exchange rate between the U. S. dollar and RMB will affect the relative purchasing power in RMB terms of our U. S. dollar assets and the proceeds from our public offerings. Our reporting currency is the U. S. dollar while the functional currency for our PRC subsidiaries is RMB. Gains and losses from the ~~re-remeasurement--~~ **measurement** of assets and liabilities that are receivable or payable in RMB are included in our consolidated statements of operations. The ~~re-remeasurement--~~ **measurement** has caused the U. S. dollar value of our results of operations to vary with exchange rate fluctuations, and the U. S. dollar value of our results of operations will continue to vary with exchange rate fluctuations. A fluctuation in the value of RMB relative to the U. S. dollar could reduce our profits from operations and the translated value of our net assets when reported in U. S. dollars in our financial statements. This could have a negative impact on our business, financial condition or results of operations as reported in U. S. dollars. If we decide to convert our RMB into U. S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U. S. dollar against the RMB would have a negative effect on the U. S. dollar amount available to us. In addition, fluctuations in currencies relative to the periods in which the earnings are generated may make it more difficult to perform period- to- period comparisons of our reported results of operations. The value of the RMB against the U. S. dollar and other currencies is affected by, among other things, changes in China' s political and economic conditions and China' s foreign exchange policies. It is difficult to predict how long such depreciation of RMB against the U. S. dollar may last and when and how the relationship between the RMB and the U. S. dollar may change again. There remains significant international pressure on the PRC government to adopt a flexible currency policy. Any significant appreciation or depreciation of the RMB may materially and adversely affect our revenues, earnings and financial position, and the ~~63value--~~ **value** of, and any dividends payable on, our securities in U. S. dollars. For example, to the extent that we need to convert U. S. dollars we receive from our public offerings into RMB to pay our operating expenses, appreciation of the RMB against the U. S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of the RMB against the U. S. dollar may significantly reduce the U. S. dollar equivalent of our earnings, which in turn could adversely affect the price of our securities. Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment. Governmental control of currency conversion may limit our ability to utilize our net revenues effectively and affect the value of your investment. The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in RMB. Under our current corporate structure, we rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service- related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. But approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our stockholders. Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties. We are

required under PRC laws and regulations to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We have not made adequate employee benefit payments. As of March 31, 2024 and 2023 and 2022, we did not make adequate employee benefit contributions in the amount of \$ 1, 137, 887 and \$ 1, 086, 526 and \$ 963, 824, respectively, for our continuing operations. We accrued the amount in accrued payroll and welfare. We may be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. The M & A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China. The Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “ M & A Rules ”) and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “ national defense and security ” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “ national security ” concerns are subject to strict review by the MOC, and the rules prohibit any activities attempting to bypass a security review, ~~including~~ including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. If the chops of our PRC subsidiaries are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised. In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations. Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, replacing earlier rules promulgated in March 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year and who are granted options or other awards under our 2018 Equity Incentive Plan will be subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries’ ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law. SAFE promulgated the SAFE Circular 37 in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 is issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which

took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. If our stockholders who are PRC residents or entities do not complete their registration as required, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be ~~65restricted--~~ **restricted** in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. To our knowledge, all of our pre- IPO PRC stockholders who are subject to the registration requirements of Circular 37 have completed the required foreign exchange registrations. In addition, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our stockholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such stockholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross- border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects. ~~Risks Related to Our Securities~~**Risks Related to Our Securities** Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our common stock. Our common stock is currently listed for trading on The Nasdaq Capital Market, and the continued listing of our common stock on The Nasdaq Capital Market is subject to our compliance with a number of listing standards. On August 16, 2021, we received a notice from Nasdaq that because the closing bid price for our common stock had fallen below \$ 1. 00 per share for 30 consecutive business days, we no longer complied with the \$ 1. 00 minimum bid price requirement for continued listing on The Nasdaq Capital Market under Rule 5550 (a) (2) of the Nasdaq Listing Rules. On February 15, 2022, we received a letter from Nasdaq informing that trading of the Company' s common stock will be suspended at the opening of business on February 24, 2022, unless the Company requests an appeal of Nasdaq' s determination. The Company has timely requested an appeal and on May 5, 2022, the Nasdaq Hearings Panel (the " Panel ") confirmed the Company has regained compliance with the minimum bid price through a reserve stock split effective on April 6, 2022. The Panel has also determined to impose a Panel Monitor for a period of one year from the date of the letter, or until May 5, 2023 to monitor the Company' s continued compliance with all Nasdaq continued listing requirements, pursuant to Nasdaq Listing Rule 5815 (d) (4) (A). Should the Company fail to meet the minimum bid price requirement for a period of 30 consecutive trading days or any other requirements for continued listing on Nasdaq, the staff will issue a Delist Determination Letter and promptly schedule a new hearing. On May 8, 2023, we received a notice from Nasdaq to inform the Company was in compliance with the applicable Nasdaq Listing Rules. On June 15, 2023, we received a notice from Nasdaq that because the closing bid price for our common stock had fallen below \$ 1. 00 per share for 30 consecutive business days, we no longer complied with the \$ 1. 00 minimum bid price requirement for continued listing on The Nasdaq Capital Market under Rule 5550 (a) (2) of the Nasdaq Listing Rules. ~~We are provided a period of 180 calendar days in which to regain compliance with the Nasdaq Capital Market' s minimum bid price requirement and the matter is closed.~~ **We are provided On March 26, 2024, we received a letter from the Nasdaq notifying us that we have regained compliance with the Nasdaq Capital Market' s minimum bid price requirement and the matter is closed.** If our common stock were no longer listed on The Nasdaq Capital Market, investors might only be able to trade on one of the over- the- counter markets. This would impair the liquidity of our common stock not only in the number of shares that could be bought and sold at a given price, which might be depressed by the relative illiquidity, but also through delays in the timing of transactions and reduction in media coverage. In addition, we could face significant material adverse consequences, including: ● a limited availability of market quotations for our securities; ● a limited amount of news and analyst coverage for us; and ● a decreased ability to issue additional securities or obtain additional financing in the future. We may take actions to maintain our compliance with Nasdaq' s listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock or prevent future non- compliance with Nasdaq' s listing requirements. The market price for our common stock may be volatile. The trading prices of our common stock are likely volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of internet or other companies based in China that have listed their securities in the United States in ~~66recent--~~ **recent** years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial decline in their trading prices. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our common stock, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material adverse effect on the market price of our common stock. In addition to the above factors, the price and trading volume of our common stock may be highly volatile due to multiple factors, including the following: ● regulatory developments affecting us, our customers, or our industry; ● announcements of studies and reports relating to our loan products and service offerings or those of our competitors; ● changes in the economic performance or market valuations of other online finance marketplaces; ● actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results; ● changes in financial estimates by securities research analysts; ● conditions in the automobile finance and ride- hailing industries in China; ● announcements by us or our competitors of new product and service offerings, acquisitions,

strategic relationships, joint ventures or capital commitments; ● additions to or departures of our senior management; ● detrimental negative publicity about us, our management or our industry; ● fluctuations of exchange rates between the RMB and the U. S. dollar; ● release or expiry of lock- up or other transfer restrictions on our outstanding shares of common stock; and ● sales or perceived potential sales of additional shares of common stock. We have a significant number of outstanding warrants, some of which contain full- ratchet anti- dilution protection and reset provisions, which may cause significant dilution to our stockholders, have a material adverse impact on the market price of our common stock and make it more difficult for us to raise funds through future equity offerings. Pursuant to the Purchase Agreements with investors in our offerings in June 2019 and, May 2021 and November 2021, we issued to the investors a series of warrants. The issuance of shares of common stock upon the exercise of the warrants would dilute the percentage ownership interest of all stockholders, might dilute the book value per share of our common stock and would increase the number of our publicly traded shares, which could depress the market price of our common stock. In addition, the so- called full- ratchet anti- dilution protections and reset provisions, subject to limited exceptions, would reduce the exercise price of the warrants in the event that we in the future issue common stock, or securities convertible into or exercisable to purchase common stock, at a lower price per share. As of the date of this Report, there were 6, 062,045, 504,663 shares of common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of \$ 2. 26-25 per share, and we may issue additional options, warrants and other types of equity in the future as part of stock- based compensation, capital raising transactions or other strategic transactions. To the extent these options and warrants are ultimately exercised, existing holders of our common stock would experience dilution which may cause the price of our common stock to decline. 67 In addition to the dilutive effects described above, the perceived risk of dilution as a result of the significant number of outstanding warrants may cause our common stockholders to be more inclined to sell their shares, which would contribute to a downward movement in the price of our common stock. Moreover, the perceived risk of dilution and the resulting downward pressure on our common stock price could encourage investors to engage in short sales of our common stock, which could further contribute to price declines in our common stock. The fact that our stockholders, warrant holders and option holders can sell substantial amounts of our common stock in the public market, whether or not sales have occurred or are occurring, as well as the existence of full- ratchet anti- dilution provisions and reset provisions in a substantial number of our outstanding warrants could make it more difficult for us to raise additional funds through the sale of equity or equity- related securities in the future at a time and price that we deem reasonable or appropriate, or at all. Certain judgments obtained against us by our stockholders may not be enforceable. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, most of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe your rights have been infringed under the U. S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers. Our articles of incorporation and by- laws could deter a change of our management, which could discourage or delay offers to acquire us. Certain provisions of our articles of incorporation (the “ Articles of Incorporation ”) and by- laws could discourage or make it more difficult to accomplish a proxy contest or other change in our management or the acquisition of control by a holder of a substantial amount of our voting stock. It is possible that these provisions could make it more difficult to accomplish, or could deter transactions that stockholders may otherwise consider to be in their best interests or in our best interests. These provisions include: ● requiring stockholders who wish to request a special meeting of the stockholders to disclose certain specified information in such request and to deliver such request in a specific way within a certain timeframe, which may inhibit or deter stockholders from requesting special meetings of the stockholders; ● requiring that stockholders who wish to act by written consent request a record date from us for such action and such request must include disclosure of certain specified information, which may inhibit or deter stockholders from acting by written consent; ● establishing the board as the sole entity to fill vacancies of the board, which lengthens the time needed to elect a new majority of the board; ● establishing a two- thirds majority vote of the stockholders to remove a director from the board, as opposed to a simple majority, which lengthens the time needed to elect a new majority of the board; and ● establishing that any person who acquires equity in us shall be deemed to have notice and consented to the forum selection provision of our Bylaws requiring actions to be brought only in Nevada, which may inhibit or deter stockholders actions (i) on behalf of us; (ii) asserting claims of breach of fiduciary duty by officers or directors of us; or (iii) arising out of the Nevada Revised Statutes, and establishing more detailed disclosure in any stockholder’ s advance notice to nominate a new member of the board, including specified information regarding such nominee, which may inhibit or deter such nomination and lengthen the time needed to elect a new majority of the board. Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our common stock for return on your investment. We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our common stock as a source for any future dividend income. Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Nevada law. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if ~~68 any~~ any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our common stock will likely depend entirely upon any future price appreciation of our common stock. ~~We~~ ~~Other General Risk Factors~~ ~~We~~ may need additional capital to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances, and financing may not be available on terms acceptable to us, or at all. We have been financing our Automobile Transaction and Related Services and Online Ride- hailing Platform Services through proceeds from our IPO and follow- on public offerings,

and borrowing from third parties and related parties. As we intend to continue to make investments to support the growth of this business, we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including developing new solutions and services, further enhance our risk management capabilities, increasing our sales and marketing expenditures to improve brand awareness and engage automobile purchasers through expanded online channels, enhancing our operating infrastructure and acquiring complementary businesses and technologies. To be in line with our strategy to cross sell our automobile leasing business with the online ride- hailing platform services business, we may need to make additional capital contribution for promotion activities as a result. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Repayment of the debts may divert a substantial portion of cash flow to repay principal and service interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions and other general corporate purposes; and we may suffer default and foreclosure on our assets if our operating cash flow is insufficient to service debt obligations, which could in turn result in acceleration of obligations to repay the indebtedness and limit our sources of financing. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, financial condition, results of operations and prospects could be adversely affected. Fluctuations in interest rates could negatively affect our results of operations. We charge service fees to automobile purchasers for facilitating financing transactions. If prevailing market interest rates increase, automobile purchasers would be less likely to finance automobile purchases with credit or we may need to reduce our service fees to mitigate the impact of increased interest rates. If we do not sufficiently lower our service fees and keep our fees competitive in such instances, automobile purchasers may decide not to utilize our services because of our less competitive service fees and may take advantage of lower service fees offered by other companies, and our ability to attract prospective automobile purchasers as well as our competitive position may be severely undermined. On the other hand, if prevailing market interest rates decline, the operating margins of financial institutions may decrease, which may make the financial institutions less likely to finance automobile purchases. Under either circumstance, our financial condition and profitability could also be materially and adversely affected. Our operating results may fluctuate significantly and may not fully reflect the underlying performance of our business. Our results of operations, including the levels of our net revenues, expenses, net (loss) / income and other key metrics, may vary significantly in the future due to a variety of factors, some of which are outside of our control, and period- to- period comparisons of our operating results may not be meaningful, especially given our limited operating history. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Fluctuations in quarterly results may adversely affect the price of our common stock. Factors that may cause fluctuations in our quarterly financial results include: ● our ability to attract new customers and maintain relationships with existing customers; ● our ability to maintain existing relationship with existing business partners and establish new relationships with additional partners for our Automobile Transaction and Related Services and Online Ride- hailing Platform Services; ● the revenue generated from automobile leasing and online ride- hailing platform services; ● ~~69~~ ● overdue ratios of automobile financing transactions we serve; ● financial institutions' willingness and ability to fund financing transactions through us on reasonable terms; ● changes in our services and introduction of new products and services; ● the amount and timing of operating expenses related to acquiring customers and the maintenance and expansion of our business, operations and infrastructure; ● our ability to manage transaction volume growth during the period; ● the timing of expenses related to the development or acquisition of technologies or businesses; ● network outages or security breaches; ● general economic, industry and market conditions; ● our emphasis on customer experience instead of near- term growth; and ● the timing of expenses related to the development or acquisition of technologies or businesses. If we fail to promote and maintain our brands in an effective and cost- efficient way, our business and results of operations may be harmed. We believe that developing and maintaining awareness of our brands effectively is critical to attracting new and retaining existing customers. Successful promotion of our brands and our ability to attract customers depend largely on the effectiveness of our marketing efforts and the success of the channels we use to promote our services. Our efforts to build our brands have caused us to incur expenses, and it is likely that our future marketing efforts will require us to incur additional expenses. These efforts may not result in increased revenues in the immediate future or at all and, even if they do, any increases in revenues may not offset the expenses incurred. If we fail to successfully promote and maintain our brands while incurring substantial expenses, our results of operations and financial condition would be adversely affected, which may impair our ability to grow our business. Any harm to our brands or reputation or any damage to the reputation of our business partners or other third parties, or the automobile financing or ride- hailing industries in China may materially and adversely affect our business and results of operations. Maintaining and enhancing the recognition and reputation of our brands is critical to our business and competitiveness. Factors that are vital to this objective include but are not limited to our ability to: ● maintain and develop relationships with dealers, leasing companies, ride- hailing platforms and financial institutions; ● provide prospective and existing customers with superior experiences; ● enhance and improve our credit assessment and decision- making models; ● effectively manage and resolve any user complaints of financial institutions or customers; and ● effectively protect personal information and privacy of customers. Any malicious or innocent negative allegation made by the media or other parties about the foregoing or other aspects of our company, including but not limited to our management, business, compliance with law, financial conditions or prospects, whether with merit or not, could severely hurt our reputation and harm our business and operating results. As the markets for China' s automobile financing and online ride- hailing are new and the regulatory framework for this market is also evolving, negative publicity about these markets may

arise from time to time. Negative publicity about China's automobile financing and ride-hailing industries in general may also have a negative impact on our reputation, regardless of whether we have engaged in any inappropriate activities. 70 In addition, certain factors that may adversely affect our reputation are beyond our control. Negative publicity about our partners, outsourced service providers or other counterparties, such as negative publicity about any failure by them to adequately protect the information of users, to comply with applicable laws and regulations or to otherwise meet required quality and service standards could harm our reputation. Furthermore, any negative development in any of the automobile financing or ride-hailing industries, such as bankruptcies or failures of other companies in any of these, and especially a large number of such bankruptcies or failures, or negative perception of any of the industries as a whole, could compromise our image, undermine the trust and credibility we have established and impose a negative impact on our ability to attract new clients. Negative developments in these industries, such as widespread automobile purchaser / borrower defaults, unethical or illegal activities by industry players and / or the closure of companies providing similar services, may also lead to tightened regulatory scrutiny of these sectors and limit the scope of permissible business activities that may be conducted by us. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected. Our reputation may be harmed if information supplied by customers is inaccurate, misleading or incomplete. Our customers supply a variety of information that is in the applications to financing partners. We do not verify all the information we receive from our customers, and such information may be inaccurate or incomplete. If financing partners provide funding to the automobile purchasers based on information supplied by automobile purchasers that is inaccurate, misleading or incomplete, those financing partners may not receive their expected returns and our reputation may be harmed. Moreover, inaccurate, misleading or incomplete customer information could also potentially subject us to liability as an intermediary under the PRC Contract Law. See "Business — Regulations." Misconduct, errors and failure to function by our employees and third-party service providers could harm our business and reputation. We are exposed to many types of operational risks, including the risk of misconduct and errors by our employees and third-party service providers. Our business depends on our employees and third-party service providers to interact with potential customers, process large numbers of transactions and support the loan / lease payment collection process, all of which involve the use and disclosure of personal information. We could be materially adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. In addition, the manner in which we store and use certain personal information and interact with our customers is governed by various PRC laws. It is not always possible to identify and deter misconduct or errors by employees or third-party service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees or third-party service providers take, convert or misuse funds, documents or data or fail to follow protocol when interacting with customers, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability. Aggressive practices or misconduct by any of our third-party service providers in the course of collecting loans could damage our reputation. Furthermore, as we rely on certain third-party service providers, such as third-party payment platforms and custody and settlement service providers, to conduct our business, if these third-party service providers failed to function properly, we cannot assure you that we would be able to find an alternative in a timely and cost-efficient manner or at all. Any of these occurrences could result in our diminished ability to operate our business, potential liability to borrowers and investors, inability to attract borrowers and investors, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations. A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition. Any prolonged slowdown in the Chinese or global economy may have a negative impact on our business, results of operations and financial condition. In particular, general economic factors and conditions in China or worldwide, including the general interest rate environment and unemployment rates, may affect automobile purchasers and lessees' willingness to seek working opportunities and financing partners' ability and desire to provide financing. Economic conditions in China are sensitive to global economic conditions. The COVID-19 pandemic resulted in declines in economic activities in China and other parts of the world and raised concerns about the prospects of the global economy. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have also been concerns over unrest in Ukraine, the Middle East and Africa, which have resulted in volatility in financial and other markets. There have also been concerns about the economic effect of the tensions in the relationship between China and the United States. If present Chinese and global economic uncertainties persist, our business partners may suspend their collaboration or reduce their business with us. Adverse economic conditions could also reduce the number of customers seeking to utilize our services. Should any of these situations occur, our transaction volume will decline, and our business and financial conditions will be negatively impacted. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. As of the date of this Report, we are unable to assess the full impact of the outbreak on our business, results of operations and financial condition. Our ability to protect the confidential information of our customers may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. We collect, store and process certain personal and other sensitive data from our customers, which makes it an attractive target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate

preventative measures. Any accidental or willful security breaches or other unauthorized access to our operation systems could cause confidential user information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with customers could be severely damaged, we could incur significant liability and our business and operations could be adversely affected. Moreover, the platforms we cooperate with, which have their own apps, are facing an increasingly tense regulatory environment. With respect to the security of information collected and used by mobile apps, the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information requires that these app operators shall collect and use personal information in compliance with the Cyber Security Law, shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. If they are investigated or fined by China's Cyber Security Review Office, we may be required to cooperate with the government and there is uncertainty as to the potential impact on our business. We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We regard our trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. We have 19 software copyrights, 52 trademarks and two trademark applications pending at the PRC Trademark Office. Thus, we cannot assure you that any of our intellectual property rights would not be challenged, invalidated, circumvented or misappropriated, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, because of the rapid pace of technological change in our industries, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all. Intellectual property protection may not be sufficient in the jurisdiction in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting ~~720~~ or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits. Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected. Some aspects of our digital operations include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business. Some aspects of our digital operations include software covered by open source licenses. The terms of various open source licenses have not been interpreted by PRC courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our online and mobile-based channels. If portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies if required so by the license, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and loan products. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with use of open source software cannot be eliminated, and could adversely affect our business. From time to time, we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results. Although we do not currently have any plans to consummate any acquisitions, we may in the future evaluate and consider strategic investments, combinations, acquisitions or alliances to further increase the value of our services and better serve our customers. These transactions could be material to our financial condition and results of operations if consummated. If

we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction. Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our business;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- failure to successfully further develop the acquired technology;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- potential disruptions to our ongoing businesses; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

We may not make any investments or acquisitions, or any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits. In addition, we cannot assure you that any future investment in or acquisition of new businesses or technology will lead to the successful development of new or enhanced loan products and services or that any new or enhanced loan products and services, if developed, will achieve market acceptance or prove to be profitable. Our business depends on the continued efforts of our senior management. If one or more of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted. Our business operations depend on the continued services of our senior management, particularly the executive officers named in this Report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all. Competition for employees is intense, and we may not be able to attract and retain the qualified and skilled employees needed to support our business. We believe our success depends on the efforts and talent of our employees, including risk management, driver and automobile management, post-financing management, financial and marketing personnel. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical, risk management and financial personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and expenses in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our services and our ability to serve borrowers and investors could diminish, resulting in a material adverse effect to our business.

~~74~~**Increases** -- **Increases** in labor costs in the PRC may adversely affect our business and results of operations. The economy in China has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and / or other penalties. We expect that our labor costs, including wages and employee benefits, shall continue to increase, without regarding to the influence of resignation. Furthermore, if the drivers on our platform believe that their earnings on our platform are not competitive with wages that they can earn elsewhere, either with competitors or in other lines of work, we may have to increase their earnings to ensure an adequate supply of drivers on our platform, and we may be unable to pass that cost on to riders. In addition, if drivers on our platform are reclassified as employees instead of independent contractors, our labor costs will be substantially increased, which could adversely affect our business and results of operations. See also “Risks Factors — Risks Relating to Our Business — Our business would be adversely affected if drivers were classified as employees, workers or quasi-employees”. Pursuant to the Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration and statutory benefits, determining the term of employee's probation and unilaterally terminating labor contracts. In addition, enterprises are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with the laws and regulations. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of

operations. To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2020, 2021 and 2022 and 2023 were increases of 2.5%, 0.9% and 2.0% and 0.2%, respectively. Although we have not been materially affected by inflation in the past, we may be affected by higher rates of inflation in China in the future, particularly if it affects labor costs. Unless we are able to control our labor costs or pass on these increased labor costs to our customers by increasing the fees of our services, our financial condition and results of operations may be adversely affected. Furthermore, on July 16, 2021, the Ministry of Human Resources and Social Security, the NDRC, the Ministry of Transport, together with several other governmental authorities jointly promulgated Guiding Opinions on Safeguarding the Rights and Interests of Labors in New Forms of Employment, which require, among others, platform enterprises adopting labor outsourcing and other cooperative labor methods to undertake corresponding responsibilities in accordance with laws and regulations when labors' rights and interests are damaged, call for organizing and launching pilot programs for occupational injury protection of flexible employment personnel, focusing on platform enterprises in industries such as mobility, takeout, instant delivery and intra-city freight, and encourage platform enterprises to improve the protection for flexible employment personnel on the platform by purchasing personal accident, employer liability and other commercial insurances. On November 17, 2021, the Ministry of Transport, the NDRC, the CAC and certain other governmental authorities jointly promulgated the Opinions on Strengthening the Protection of the Rights and Interests of Labors in New Forms of Transportation Industry, which provide that the relevant departments shall urge online ride hailing platform enterprises to announce pricing rules and income distribution rules to relevant parties such as drivers and passengers. The total amount paid by the passengers and the remuneration of the driver, and the ratio of the difference between the aforementioned amounts to the total amount paid by the passengers shall be displayed to the drivers. In addition, these opinions aim to strengthen the occupational injury protection of online ride hailing drivers, encourage online ride hailing platform to actively participate in the occupational injury protection pilot, and urge online ride hailing platform to pay social insurance for drivers who meet the labor relationship conditions in accordance with the law, and guide and support drivers who do not fully meet the conditions for establishing labor relations with online ride hailing platform enterprises to participate in corresponding social insurance. These opinions also emphasize to safeguard the rights of the drivers to have reasonable remuneration and rest, among others. As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected. ~~751f~~ If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business. We believe that a critical component of our success is our corporate culture, which we believe fosters innovation, encourages teamwork and cultivates creativity. As we develop the infrastructure of a public company and continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue our corporate objectives. Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies. We may seek additional capital through a combination of public and private equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or debt securities, your ownership interest will be diluted and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or grant licenses on terms unfavorable to us. We will incur increased costs as a result of operating as a smaller reporting public company after we no longer qualify to be an emerging growth company, and our management will be required to devote substantial time to new compliance initiatives. A smaller reporting company is defined as a company that has a public float of less than \$ 75 million in common equity as of the last business day of its most recently completed second fiscal quarter, or if a public float of zero, has less than \$ 50 million in annual revenues as of its most recently completed fiscal year-end. As a smaller reporting public company, and particularly after we were no longer an emerging growth company since April 1, 2023, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors. Pursuant to Section 404, we were not required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, since we are a smaller reporting company, we are not required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we

will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our common stock and trading volume could decline. The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the market price for our ~~76~~ **common stock would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our common stock to decline.**