Alliance Creative Group, Inc.

(Letter to Shareholders)

DATE: August 22, 2019

TO: Stockholders of Alliance Creative Group, Inc.

FROM: Paul Sorkin, Chief Operating Officer

As used herein, “we,” “us,” “our,” and the “Company” refers to Alliance Creative Group, Inc., a Nevada corporation and its subsidiaries.

Dear Stockholders:

On behalf of the officers and Directors of the Company, please accept our appreciation of your long-term support of the Company.

With your permission, please allow this Letter to Shareholders to also answer questions that I know have been on the minds of our stockholders and, in that respect, to clarify certain recent actions that the Company has taken and the disclosures that the Company has made regarding these actions.

First, many have asked is why did the Company complete a reverse split of its common stock (the “Reverse Split”)?

I can say that the Reverse Split was only undertaken after significant discussions and multiple evaluations over a period of several months wherein many alternatives were explored and evaluated with a full review of the potential pros and cons for the Company and shareholders.

In all of this, our Board of Directors acted cautiously and prudently to evaluate several competing alternatives before reaching a decision. Overall and without elaboration here, the Reverse Split was not an easy or hasty decision. As some of our long-term stockholders know, it has been almost 9 years since the Company last completed a reverse stock split. And we have always believed that a reverse stock split should be avoided if at all possible.

However, due to multiple factors, including but not limited to, up-listing requirements, clearing house parameters, market maker potential involvement, shareholder visibility, potential liquidity, potential future investors, potential future acquisitions, and general market conditions the Company believes the Reverse Split was the best available option for the Company and shareholders.

Given these considerations, we are hopeful that the Reverse Split may, if circumstances and market conditions allow: (a) create a more favorable position for the Company; (b) allow the Company's common stock to become a more attractive investment vehicle; (c) allow the Company's Common Stock to achieve a more sustainable value in the market; (d) allow the Company to generally utilize its Common Stock in making acquisitions (if circumstances and market conditions allow); and (e) better create a more sustainable trading market for the Company's Common Stock that may better facilitate the maximization of shareholder wealth.

Obviously, we are in no position to know whether we will achieve any one or more of the foregoing objectives or if we do achieve them, that these accomplishments can be sustained. Anyone who purchases our Common Stock should fully appreciate that the foregoing statements are "forward-looking statements" that are subject to significant risks and uncertainties that are beyond our control. Moreover, we are a small public company and we have limited financial and managerial resources and we face significant competition from many larger and well-established competitors and we anticipate that all of the risks that we face will continue for the foreseeable future.

Second, many have asked, why has the audit been delayed?

As we disclosed in the past we hired multiple experienced professionals to help prepare for and complete two (2) full years of PCAOB audits for the calendar years of 2016 and 2017. Unfortunately, because the Company was incorporated in 2000 and after 19 years in business it has had multiple management teams and has been involved in various business transactions which resulted in the discovery of some additional unforeseen audit work and unanticipated delays. I can say that we are working diligently with the required professionals and will disclose more information related to this topic when further information is available.

Third, many have asked is it possible for the Company to seek an up-listing of the Company's Common Stock to a stock exchange or a more reputable stock market?

We are reviewing all available alternatives including, but not limited to staying on the existing OTC Market Pink Sheets, up-listing to the OTCQB or QX, moving off the OTC and moving to some other American or other international exchange. Any decision involving such an action is complicated and requires an assessment of many factors that will have a direct impact on the Company's ability to raise capital, to ensure a liquid trading market for the Company's Common Stock, and otherwise meet a host of other important considerations too numerous to discuss here. In every way, any decision will only be made after the Company has more information available and if market conditions are favorable. In each instance I can assure you that the Board of Directors will give due consideration to all the pros and cons of each option. In that event, I am certain that we will issue a timely public announcement that fulfills our important obligations under applicable securities laws.

Fourth, after the Company's annual report for 2018 was released many have asked why the Company issued shares to a related party?

As a small public company raising money can be a very challenging endeavor. The first challenge is trying to find investors that believe in the Company and are willing to take the significant risks inherent in any investment in company whose common stock trades only on the OTC Markets. And these investors must also be "accredited investors" who are also sophisticated and experienced so that they can accept the very high risks that are involved and the transaction involving their investment must also clearly satisfy applicable state and federal securities laws.

Irrespective of the type of security that may be issued by the Company to the investor in such a transaction, we know generally that:

(a) the investor needs to wait <u>a minimum of one (1) year</u> before the investor can undertake a public re-sale of the Company's Common Stock (if they acquire the Company's Common Stock or if they acquire the Company's Common Stock upon conversion of a convertible instrument and then convert their convertible instrument into the Company's Common Stock);

(b) the investor must obtain a legal opinion to remove the legend; and

(c) the investor must then proceed to deposit those shares with their broker and finally then deal with trying to sell those shares above the equivalent price they paid for them in a volatile market.

The foregoing lists only the most prominent challenges facing any investor each of which implicitly imposes additional risks and uncertainties upon the investor as well. Thus and from the prospective investor's point of view, this process comes with significant risks, costs, and delays and many broker-dealers will no longer accept these shares or put restrictions on them and if they do sell them they may charge upwards of 20 to 30% or more in fees.

From the Company's point of view, we have no control over the costs, delays and difficulties encountered by our stockholders when they want to effectuate a re-sale of our securities. With a very unpredictable and challenging environment the Company would prefer to work with potentially sophisticated investors who may be willing to wait longer and/or avoid taking legal actions and work in good faith to attempt to find better solutions than potentially unrelated parties.

Fifth, many have asked about the Company's capital structure and why the Company has selected its current mix of debt and equity that the Company has used to raise capital?

Currently we have only about $25,000 of convertible long-term debt outstanding. After this note is extinguished the Company will have no more convertible Debt. However, the Company has sold some Preferred Convertible shares that have better terms for the Company and create less potential legal risks and liabilities for the Company. These preferred shares may be repurchased by the Company if market conditions and our financial condition allows. In addition they may be purchased by a third party investor, or alternatively, they may be converted into our Common Stock. This may cause the issuance of more common shares but it also protects the Company from the burdens and legal obligations inherent with any debt instruments. In some cases and if market conditions and our financial conditions allow, we may have an opportunity to work with larger investors and that may allow us to have greater financial flexibility.

Sixth, some have asked what is the status of our trucking business?

On June 30, 2016, the Company decided to add trucking services and started Primary trucking for full truck load services and Rapid Freight Solutions for brokered services. Primary trucking was added as a DBA and Rapid Freight Solutions ("RFS") was started as a wholly owned subsidiary of the Company with the Company as the sole owner of all of the RFS capital stock. Primary Trucking, at its peak, had almost 50 trailers, with almost 40 trucks and drivers, and had many direct and broker accounts that generated almost $5,000,000 in annual revenues.

Unfortunately those increased revenues also came with significantly more and many unexpected expenses related to higher insurance, driver costs, fuel, and other related trucking costs which caused the Company to experience significant loses.

As of March 31, 2018, we decided to transfer the clients and drivers related to both Primary Trucking and RFS to Mark-it Express. As a result we became an independent contractor and sales and referral partner in exchange for Mark-it taking over all future trucking expenses and liabilities. In general, this transaction allowed the Company to discontinue the direct unprofitable trucking services. The new arrangement with Mark-it was undertaken to give the Company an opportunity to undertake strategies that may result in reduced insurance costs, improved safety and enhanced compliance procedures, while also providing the Company with access to better software, along with more equipment, additional resources and other benefits. The Company still owned and maintained a few trucks and drivers (until February 1, 2019) but transferred its trucking clients and most of their drivers to Mark-it on March 31, 2018.

In these transactions, Mark-it assumed all trailer liabilities, and expenses related to insurance, compliance, trucking technology, and other day to day operational expenses. This effectively reduced the Company's revenue by approximately three million dollars ($3,000,000.00) in the 2018 fiscal year but also substantially reduced our expenses and liabilities.

Overall, we believe that our profitability may, if circumstances and market conditions allow, be improved with this new agreement while saving time, money, and other resources. However, we cannot assure you that we will achieve any such savings or otherwise achieve greater profitability. As of the date of this letter we discontinued all trucking operations and we no longer own or lease trucks to provide third party trucking services. Any remaining trucks, vans, or cars or used only to transport products for the Company's direct clients related to their printing and packaging services.

Another investment and separate project the Company got involved with is and was PeopleVine. On December 29, 2014, the Company purchased the assets of PeopleVine (a membership engagement software platform) ("PV") and created an internal division to offer the marketing software services.

We appointed Jordan Gilman, the original founder of PV, as the President of the PV division. The Company spun the internal division off into a separate private Delaware company as of September 21, 2016. The Company currently holds 1 of the 2 board seats and the Company owns a total of 3,364,375 of their shares or about one third of the overall company. As of June 30, 2018, PV increased its authorized shares to 12,000,000 and raised additional money at $.75 per share as recent as June 21, 2018. There are a total of 10,225,166 vested shares with a current value of Seventy Five cents each ($.75). This value amount is based on the last funding round. There are 9 current shareholders and the Company owns 3,364,375 PV shares or about 32.9% of PV so the current book value of our shares in PeopleVine are listed at a book value of about $2,500,000 after investing $720,000 in cash and services during the last few years. In all of this we cannot assure you that our investment into PV will be successful or that the value of $2,500,000 accurately reflects its current fair market value. PV is a small company and its business is subject to many risks and uncertainties that are beyond our control.

If circumstances and market conditions allow and subject to PV's ability to successfully maintain its operations, we may look to other investors, agencies, or sales organization to get involved that may allow PV to grow faster and allow us to sell some of our shares in the future to generate some capital to help expand our core business. Although that may be the ideal situation there are also a number of other potential options that we explore if market conditions and our financial condition allows. We cannot assure you that PV or the Company will be successful in any or all of these efforts or, if we are successful, that we will not encounter significant and prolonged losses and resulting negative cash flows that would likely impair or limit our financial resources over an extended period of time.

We continue to focus our limited resources on providing Packaging, Printing, and Marketing services for our clients. The services include helping to create and sell printed folding cartons for Food & Beverage customers and Consumer Packaged Goods (CPG) customers. It also includes some clear rigid packaging items including clamshells and trays, and flexible packaging, including poly bags and stand up pouches.

The rest of our existing business is a combination printing labels, catalogs, magazines and other printed items and providing warehousing, fulfillment, and vendor management inventory services to help clients store and distribute their packaging materials for their products.

We believe that we have attracted a talented team of employees that includes skilled talent in digital print, commercial print, flexible packaging, corrugated packaging, and direct mail services. Our employees provide high-quality packaging and printed products. Our experience includes very hands-on operational support out of their leased office/warehouse in Schaumburg Illinois (Approximately 15,000 square feet of space) and eight (8) additional strategically located third party 3PL warehouse in California, Texas, Wisconsin, Indiana, Massachusetts, New Jersey, North Carolina and Florida and several national and international manufacturing partners.

As circumstances and market opportunities may allow, we may seek to acquire a larger warehouse and thereby avoid ever-higher leasing costs which may allow us to focus more on increasing fulfillment services.

We believe that if our operations were consolidated under “one roof,” our product fulfillment services likely may serve as a good lead generator that may allow us to improve the up-selling of various printing and packaging services to existing clients. We also believe that by owning a larger warehouse we may be able to attract more potential acquisition opportunities by allowing for an easier transition related to moving smaller companies into the newer facilitates to potentially reduce overall combined expenses and could attract more experienced talent to help the company grow and add more assets to the balance sheet. Obviously, these are “forward-looking statements” and each is entirely subject to risks and uncertainties beyond our control. We cannot assure you that we will undertake any of the foregoing actions or, if we do, that we can do so and achieve any success.

Overall, we strongly encourage all of our shareholders to read our full disclosure reports and complete their own due diligence, so they can understand the risks and merits that may be associated with our common stock. We also strongly advise all investors to cautiously evaluate both the positive and negative opinions about the Company that are published on-line. We encourage everyone to make their own opinions, but we highly recommend they use the documented facts to make those opinions rather than many rumors or potentially excessive positive or negative opinions.

The purchase of our Common Stock exposes the investor to significant risks and uncertainties that may result in an investor losing all or nearly all of their investment. As a result the purchase of our Common Stock is suitable only for those persons who can accept the total loss of their investment.

The following are some but not all of the more prominent risks associated with the purchase of our Common Stock:

(1) We are a small company and we have limited financial and managerial resources and we face many larger competitors who possess far greater resources than we currently have and are likely to have in the foreseeable future.

(2) Any person who acquires our Common Stock will have no real ability to control or influence the Company's Board of Directors and Steven St. Louis, our CEO, owns and holds certain shares of our Series G Preferred Stock with "super-voting rights" that ensures he is able to control the Company.

(3) Our Articles of Incorporation grant the Company's Board of Directors the right to designate and issue shares of our Preferred Stock with such rights and privileges as the Board determines without requiring any common stockholder approval.

(4) We face significant competitive challenges together with ever-changing government regulations and technological change that may inhibit our ability to compete and sustain our business.

(5) We have only limited product and geographic diversification and as a result we may be dependent on a limited number of customers and a limited market in which to sell our products. For this reason our sales revenues, our cash flow and any profitability that we achieve may be extremely volatile and we may incur prolonged losses and negative cash flow for an extended period of time.

(6) We have no current plans to declare any dividends on our Common Stock and any profits that we achieve, if any, will likely be re-invested into the Company.

(7) Our Common Stock has only limited trading volume on the OTC Market and there can be no assurance that any continuous and liquid trading market will ever develop or, if it develops that it can be sustained.

Forward-Looking Statements Disclaimer

This Letter to Stockholders contains forward-looking statements as defined by the

bespeaks-caution doctrine. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, product and service demand and acceptance, changes in technology, economic conditions, the impact of competition and pricing, government regulation, and other risks described in statements filed from time to time on OTC Markets.

All such forward-looking statements, whether written or oral, and whether made by or on behalf of the Company, are expressly qualified by the cautionary statements that may accompany the forward-looking statements. In addition, the Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

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