Risk Factors Comparison 2024-04-01 to 2023-03-30 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risk Factor Summary The following are some material risks, any of which could have an adverse effect on our business financial condition, operating results, or prospects. ● Risks Related to our Business and our Industry oIf our products do not attain market acceptance among the medical community, our operations and profitability would be adversely affected; oIf we fail to meet standards pursuant to the newly revised Drug Administration Law, certain production lines will be suspended and our profitability would be adversely affected; oWe may be subject from time to time to product **cessations or** recalls initiated by us or by the NMPA. Product recalls could impose significant costs on us and adversely affect our ability to generate revenue; oIf we fail to develop new products with high profit margins and our high- profit- margin products are replaced by competitors' products, then our gross will be adversely affected; oMost of our products are off- patent branded generics that can be manufactured and sold by other pharmaceutical manufacturers in the PRC which may increase the competition we face; oIf we are not able to maintain and enhance our brand recognition to maintain our competitive advantage, our reputation, business and operating results may be harmed; oReimbursement may not be available for our products, which could diminish our sales; oThe growth and success of our business depend on our ability to successfully market our principal products to hospitals and their selection for medicine purchases; oOur future research and development projects may not be successful; oWe cooperate with research institutions and universities in the PRC for the research and development of certain new products and any failure of such research institutions to meet our timing and quality standards may pose impairment loss on our financial results and our failure to continue such collaborative arrangement could adversely affect our ability to develop new pharmaceuticals and our overall business prospects; oWe may not be able to obtain regulatory approval for any of the new products and failure to obtain these approvals could materially harm our business; oNew product development in the pharmaceutical industry is time-consuming and costly and has a low rate of successful commercialization; oWe may not be able to successfully identify and acquire new products or businesses; oWe rely on distributors for all of our revenues and failure to maintain relationships or to otherwise expand our distribution network would materially and adversely affect our business; oWe rely on a limited number of distributors for the majority of sales of our products; oOur operations may be affected if we could not pass the Consistency Evaluation requirement issued by the State Council for any of our current existing products; oWe face risks related to health pandemics that could impact our sales and operating results; oOur operations may be affected if we could not obtain raw materials from our current key suppliers on acceptable terms; oWe may not be able to effectively manage our employees and distribution network, and our reputation, business, prospects and brand may be materially and adversely affected by actions taken by our distributors and third party marketing firms; oWe have limited insurance coverage and may incur losses resulting from product liability claims, business interruptions or claims that could be covered by D & O Insurance; oOur future liquidity needs are uncertain and we may need to raise additional funds in the future. ● Risks Related to Doing Business in China oAdverse changes in political and economic policies of the PRC government could have a material and adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position; **o The Chinese government may intervene with or influence our business at any time. That may negatively influence our operation, our ability to continue listing on U. S. exchange and the value of our shares may significantly decline or be worthless, which would materially affect the interest of our stockholders;** oThe PRC legal system has inherent uncertainties that could limit our legal protections available to us; oYou may experience difficulties in bringing original actions in the PRC against our company or our management based on U. S. or other foreign laws; oBecause we receive substantially all of our revenue in Renminbi, which currently is not a freely convertible currency, we are subject to changes in the PRC' s political and economic decisions; ~~o We~~ **oWe** cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of the Renminbi, especially for foreign exchange transactions; ~~o We~~ **oWe** are subject to the environmental protection laws of the PRC that may be costly to comply with and may adversely affect our manufacturing operations; ~~o Compliance~~ **oCompliance** with China' s new Data Security Law, Measures on Cybersecurity Review, Personal Information Protection Law (second draft for consultation), 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; ~~o We~~ **oWe** are not required to submit an application to CSRC pursuant to the M & A Rules, nor are we subject to the cybersecurity review. However, based on the recent promulgation of the Trial Measures, which **became** ~~are set to be~~ effective on March 31, 2023, we may be required to complete the filing requirements when we have re- financing or any additional offerings in future; ~~o Although~~ **oAlthough** the audit report included in this ~~prospectus~~ **annual report** was issued by U. S. auditors who are currently inspected by the PCAOB, if it is later determined that the PCAOB is unable to inspect or investigate our auditor completely, investors would be deprived of the benefits of such inspection and our ~~ordinary shares~~ **Common Stock** may be delisted or prohibited from trading; ● Risks Related to our Common Stock oWe may be held in default on our convertible note, which could trigger penalties that worsen our financial condition and potentially disqualify us from listing on the stock exchange where we are currently listed; ~~o The~~ **oThe** market price for our common stock may be volatile; oIf we issue additional shares of our capital stock, our stockholders will experience dilution in their respective percentage ownership in the company; ~~o A large portion of our common stock is controlled by a small number of stockholders and as a result, these stockholders are able to influence and ultimately control the outcome of stockholder votes on various matters; o We~~ **oWe** are likely to remain subject to " penny stock " regulations and as a consequence there are additional sales practice requirements and additional warnings issued by the SEC; ~~o There~~ **oThere** is substantial doubt about our ability to continue as a

going concern; ~~o We~~ **oWe** do not anticipate paying cash dividends on our common stock; ~~o Restrictions~~ **oRestrictions** on the Use of Rule 144 by Shell Companies or Former Shell Companies. Risks Related to our Business and our Industry The commercial success of our products depends upon the degree of their market acceptance among the medical community. If our products do not attain market acceptance among the medical community, our operations and profitability would be adversely affected. The commercial success of our products depends upon the degree of market acceptance they achieve within the medical community, particularly among physicians and hospital administrators. Physicians may not prescribe or recommend our products to patients and procurement departments of hospitals may not purchase our products if physicians or hospital pharmacists do not find our products attractive. The acceptance and use of our products among the medical community will depend upon a number of factors, including: ● perception of physicians, patients and others in the medical community as to the safety and effectiveness of our products; ● the prevalence and severity of any side effects; ● the pharmacological benefit of our products relative to competing products and products under development; ● the efficacy and potential advantages of our products relative to competing products and products under development; ● the relative convenience and ease of administration of our products; ● the methods by which our pharmaceutical products may be delivered to patients; ● the effectiveness of our education, marketing and distribution efforts and those of our distributors; ● publicity concerning our products or competing products and treatments; and ● the price of our products and competing products. If we fail to meet standards pursuant to the newly revised Drug Administration Law, the production at certain of our production lines will be suspended and our operations and profitability would be adversely affected. All of our existing production lines have met the GMP Standards which became effective as of March 1, 2011. On December 1, 2019 the newly revised Drug Administration Law (the " New Law ") came into effect. One of the major amendments of the New Law is the cancellation of GMP certification. The New Law eliminated the requirement that drug administration authorities shall assess drug manufacture enterprises and drug trading enterprises, and issue assessment certificates. Instead, it requires that drug manufacturing enterprises and drug trading enterprises establish and improve the quality management systems of manufacture and trade of drugs, and ensure that the process of manufacturing and trading of drugs always meets all legal requirements. This means a stricter form of supervision is implemented comparing to the prior GMP certificates system. While all of our existing product lines are in full compliance with the GMP standards issued in 2011, in the event we fail to continually meet the requirements of the GMP and receive the deficiency feedback from any pilot inspection under the New Law, the production on such production line (s) could be suspended and our operations and profitability could be adversely affected. We may be subject from time to time to product **cessations or** recalls initiated by us or by the NMPA. Product **cessations or** recalls could impose significant costs on us and adversely affect our ability to generate revenue. In our business, we must comply with a variety of product safety and product testing regulations. In particular, our products are subject to, among other statutes and regulations, those issued by the NMPA. If the NMPA issues any notices to cease the production, sale and use of any of our products, **or request Helpson to recall any of our products we sold,** we must comply with such requirements. As a result, we may incur significant costs in complying with cessation **or recall** requirements, and our financial results could be materially and adversely affected. Furthermore, concerns about potential liability or potential future changes in product safety regulations may lead us to voluntarily recall or otherwise discontinue selling selected products, which could materially and adversely affect our results of operations ~~. In March 2013, NMPA issued a nationwide notice (the " NMPA Notice ") for the cessation of the production, sale and use of Buflomedil effective immediately. The NMPA Notice was a result of the reevaluation done by the NMPA based on the indications from the recent Chinese and international research materials, which found that the risks of side effects to the nervous system and the cardiovascular system from Buflomedil have surpassed its clinical treatment benefits. The NMPA Notice was applicable to all the manufacturers and distributors in China who are in the business of the production and sale of Buflomedil related products. As a result, we no longer produce Buflomedil after 2013~~ . Recalls may also harm our reputation, increase our costs and reduce our net sales. Governments and regulatory agencies in the markets where we manufacture and sell products may enact additional regulations relating to product safety and consumer protection in the future or take other actions that may adversely impact our business. The NMPA has the authority to revoke drug approvals previously granted and remove previously approved products from the market for various reasons. If we fail to develop new products with profit margins and our high- profit- margin products are replaced by competitors' products, then our gross and net profits margins will be adversely affected. We had gross ~~profit~~ **loss** margins of- 4. ~~7~~ **0** % for the year ended December 31, ~~2022~~ **2023** , compared to gross ~~profit~~ **loss** margins of ~~-~~ 3.~~6~~ **. 1** % for the year ended December 31, ~~2021~~ **2022** . The pharmaceutical market in the PRC remains very competitive, and there may be pressure to reduce sale prices of products without a corresponding decrease in the cost of sold products. To the extent that we fail to develop new products with high profit margins and our high- profit- margin products are replaced by our competitors' products, our gross profit margins and net profit margins will be adversely affected. In addition, three of our products are included in the National Essential Drug List (the " EDL "), which are subject to strict governmental price controls. Therefore, our gross profit margin and net profit margins could be adversely affected notwithstanding any increase in our revenues. Our products face substantial competition. Other companies may discover, develop, acquire or commercialize products earlier or more successfully than we do. We operate in a highly competitive environment. Our products compete with other products or treatments for diseases that treat similar medical conditions. Many of our products may compete against products that have lower prices, superior performance, greater ease of administration or other advantages. We would face enhanced competition if competitive products are added to the National Medical Insurance Program. Our inability to compete effectively could reduce sales or margins, which could have a material adverse effect on our results of our operations. Some of our competitors are actively engaging in research and development in areas in which we have products or in which we are developing new product or new indications for existing products. In the future, we expect that our products will compete with new drugs currently in development, drugs approved for other indications that may be approved for the same indications as those of our products and drugs approved for other indications that are used off- label. If alternatives to our products are dispensed or prescribed to patients, the volume of our

products sold may decline or we may be required to lower the prices of our products to remain competitive, either of which could negatively impact our sales. In addition, an increasing number of foreign pharmaceutical companies have introduced their pharmaceutical products into the Chinese market. Competitive products introduced by these companies can also negatively impact our sales and results of operations. Large Chinese state- owned and privately owned pharmaceutical companies and foreign- invested or foreign pharmaceutical companies may have greater clinical, research, regulatory, manufacturing, marketing, financial and human resources than we do. In addition, some of our competitors may have technical or competitive advantages over us with respect to the development of technologies and processes. These resources may make it difficult for us to compete with them to successfully discover, develop and market new products and for our current products to compete with new products or new product indications that these competitors may bring to market. There may also be significant consolidation in the pharmaceutical industry among our competitors. Alliances may develop among competitors, and these alliances may rapidly acquire significant market share. Furthermore, in order to gain market share in China, competitors may significantly increase their advertising expenditures and promotional activities or even engage in irrational or predatory pricing behavior. In addition, our competitors may engage in inappropriate competition or illegal acts, such as bribery. Third parties may actively engage in activities designed to undermine our brand name and product quality or to influence customer confidence in our products. Increased competition may result in price reductions, reduced margins and loss of market share, any of which could materially adversely affect our profit margins. We may not be able to compete effectively against current and future competitors. Most of our products are off- patent branded generics that can be manufactured and sold by other pharmaceutical manufacturers in the PRC which may increase the competition we face and reduce our business profitability. Most of our products are off- patent branded generic pharmaceuticals and are not protected by intellectual property rights. As a result, other pharmaceutical companies may sell equivalent products at a lower cost, and this might result in a commensurate loss in sales of our branded generic products or require us to lower our prices to compete. If other pharmaceutical companies sell pharmaceutical products that are similar to our unprotected products, we may face additional competition and our business and profitability may be adversely affected. Our business depends in part on our well- known Helpson brand name, and if we are not able to maintain and enhance our brand recognition to maintain our competitive advantage, our reputation, business and operating results may be harmed. We believe that market awareness of our Helpson brand has contributed significantly to the success of our business. We also believe that maintaining and enhancing the Helpson brand is critical to maintaining our competitive advantage. Although our sales and marketing staff will continue to further promote our brand to remain competitive, we may not be successful. If we are unable to further enhance our brand recognition and increase awareness of our products, or if we are compelled to incur excessive marketing and promotion expenses in order to maintain our brand awareness, our business and results of operations may be materially and adversely affected. Furthermore, our sales and results of operations could be adversely affected if the Helpson brand or our reputation is impaired by recalls or negative publicity for one of our branded products, or certain actions taken by our distributors, competitors, third- party marketing firms or relevant regulatory authorities. Reimbursement may not be available for our products, which could diminish our sales or affect our ability to sell our products profitably. Market acceptance and sales of our products also depend on a large extent on the reimbursement policies of the PRC government. The Ministry of Labor and Social Security of the PRC or provincial or local labor and social security authorities, together with other government authorities, review the inclusion or removal of drugs from the national medical insurance catalog or provincial or local medical insurance catalogs for the National Medical Insurance Program every other year, and catalogs under which a drug will be classified affect the amounts reimbursable to program participants for their purchases of those medicines. These determinations are made based on a number of factors, including price and efficacy. Generally, there are two catalogs, the National Insurance Catalogue (“ NIC ”) and the EDL on which a product can be included. The products selected for the EDL generally are selected from the NIC. A consumer can be reimbursed for the full cost of a medicine on the EDL and can be reimbursed from 80 % to 90 % of the cost of a medicine listed on the NIC. Our Cefalexin, Clarithromycin and Omeprazole products are currently included in the EDL. If government authorities decide to remove these products from the medicine catalogs, such removal may reduce the affordability of our products and change the public perception regarding our products, which, in turn, would adversely affect the sales of these products and reduce our net revenue. Furthermore, if we are unable to obtain approval from the relevant government authorities to include our new products in the national, provincial or local medicine ~~catalogs~~ **EDLs or NICs** , sales of our new products maybe materially and adversely affected. The growth and success of our business depend on our ability to successfully market our principal products to hospitals and their selection in tender processes used by hospitals for medicine purchases. Our future growth and success significantly depend on our ability to successfully market our principal products to hospitals as prescription medicines. Approximately 80 % of the end- customers of our products are hospitals. Hospitals may make bulk purchases of a medicine included in the national and provincial medicine catalogs only if that medicine is selected under a government- administered tender process. A hospital’ s interest in a particular medicine is evidenced by: ● the inclusion of this medicine on the hospital’ s formulary, which establishes the scope of medicines physicians at this hospital may prescribe to their patients, and ● the willingness of physicians at a hospital to prescribe this medicine to their patients. We believe effective marketing efforts are critical in ensuring that hospitals and physicians are interested in purchasing our products. If our marketing efforts are not effective, hospital administrators may not want to include our products in their formularies or may remove them from their formularies, or physicians may not be interested in prescribing our products to their patients. As a result, we may find it difficult to maintain the existing level of sales of our products, and our revenues and profitability may decline. Our future research and development projects may not be successful. The successful development of pharmaceutical products can be influenced by many factors. Products that appear to be promising in their early phases of research and development may fail to be commercially viable for various reasons, such as failing to obtain the necessary regulatory approvals. Additionally, the research and development process for new products for which we may obtain an approval certificate is long. The process of conducting basic research and

various stages of tests and trials of a new product before obtaining an approval certificate and commercializing the product may require ten years or longer. A few of our product candidates are in the early stages of pre- clinical study and clinical trials and we must conduct a significant number of additional clinical trials before we can seek the regulatory approvals necessary to begin commercial production and sales of these products. We cannot guarantee that our future research and development projects will be successful or completed within their anticipated time frames or budgets, or that we will receive the necessary approvals from the relevant authorities for the production of these products, or that these newly- developed products will achieve commercial success. Our competitors may obtain approval for a competitive product before our product we are developing is approved. If this occurs, we may be precluded from getting approval until the competitor' s monitoring period expires and realize little to no benefit from our research and development investment. Even if such products can be successfully commercialized, they may not achieve the level of market acceptance that we expect. Additionally, the pharmaceutical industry is characterized by rapid changes in technology, constant enhancements of industry know- how and the frequent emergence of new products. Future technological improvements and continual product developments in the pharmaceutical market may render our existing products obsolete or affect their viability and competitiveness. Therefore, our future success will largely depend on our development capability, including our ability to improve our existing products, diversify our product range and develop new and competitively- priced products that meet the requirements of the changing market. Should we fail to respond to these frequent technological advances by failing to improve our existing products, develop new products in a timely manner, or have these products reach a desirable level of market acceptance, our business and profitability will be materially and adversely affected. We cooperate with research institutions and universities in the PRC for the research and development of certain new products and any failure of such research institutions to meet our timing and quality standards may pose impairment loss on our financial results and our failure to continue such collaborative arrangement or enter into such new arrangements could adversely affect our ability to develop new pharmaceuticals and our overall business prospects. Our business strategy includes collaborating with third parties for the research and development of new products. We have maintained long- term cooperative relationships with a number of research institutions and universities in the PRC. These research institutions and universities used to collaborate with us in a number of research projects and certain of our products with approval certificates were developed by such research institutions. Any failure of such research institutions to meet the required quality standards and timetables set forth in their research agreements with us, or our inability to enter into additional research agreements with these research institutions on terms acceptable to us in the future, may have an adverse effect on our ability to develop new medicines and on our business prospects. While the Company may resume the development of these formulas in the future if sufficient funding and other favorable conditions arise, we cannot guarantee that we will be able to enter into agreements with new parties on terms acceptable to us. Our inability to enter into such agreements or our failure to maintain such arrangements could limit the number of new products that we develop and ultimately decrease our sources of future revenue. We may not be able to obtain regulatory approval for any of the new products and failure to obtain these approvals could materially harm our business. All new medicines must be approved by the NMPA before they can be marketed and sold in the PRC. The NMPA requires successful completion of clinical trials and demonstrated manufacturing capability before it grants approval. It often takes a number of years before a medicine can be ultimately approved by the NMPA. In addition, the NMPA and other regulatory authorities may apply new standards for safety, manufacturing, packaging, and distribution of future product candidates. Complying with such standards may be time- consuming and expensive and could result in delays in obtaining NMPA approval for our future product candidates, or possibly preclude us from obtaining NMPA approval altogether. For example, due to the enhanced criteria introduced during the implementation process of the trial of one of our products in the dried powder injectable and granule production lines in our old plant, the clinical trials lasted longer than originally expected. Furthermore, our future products may not be effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude us from obtaining regulatory approval and prevent or limit their commercial use. The NMPA and other regulatory authorities may not approve the products that we develop and even if we do obtain regulatory approvals, such regulatory approvals may be subject to limitations on the indicated uses for which we may market a product, which may limit the size of the market for such product. New product development in the pharmaceutical industry is time- consuming and costly and has a low rate of successful commercialization. Our success depends in part on our ability to improve our existing products and to develop new products. The development process for pharmaceutical products is complex and uncertain, as well as time- consuming and costly. Relatively few research and development programs can finally develop a commercial product. A product candidate that appears promising in the early phases of development may fail to reach the market for a number of reasons, such as: ● the failure to demonstrate safety and efficacy in preclinical and clinical trials; ● the failure to obtain approvals for intended use from relevant regulatory bodies, such as the NMPA; ● our inability to manufacture and commercialize sufficient quantities of the product economically; and ● proprietary rights, such as patent rights, held by others to our product candidates and their refusal to sell or license such rights to us on reasonable terms, or at all. Delays in any part of the development process or our inability to obtain regulatory approval of our products could adversely affect our operating results by restricting or delaying our introduction of new products. Even if we successfully commercialize new products, these products may compete with our mature products and may result in a reduction in the sales volume of our mature product or vice versa. Failure to develop, obtain necessary regulatory clearances or approvals for or successfully commercialize or market potential new products or technologies could have a material adverse effect on our financial condition and results of operations. We may not be able to successfully identify and acquire new products or businesses. In addition to our own product development efforts, our growth strategy also relies on our acquisitions of new product candidates, products or businesses from third parties. Any future growth through acquisitions will be dependent upon the continued availability of suitable acquisition candidates at favorable prices and favorable terms and conditions. Even if such opportunities present themselves, we may not be able to successfully identify them. Moreover, other companies, many of which may have substantially greater financial, marketing and sales resources, are competing with us for

the right to acquire such product candidates, products or businesses. We rely on distributors for all of our revenues and failure to maintain relationships with **and collect payment from,** our distributors or to otherwise expand our distribution network would materially and adversely affect our business. We sell our products exclusively to pharmaceutical distributors in the PRC and rely on distributors for all of our revenues. We have business relationships with over 1, 000 distributors in the PRC. For the year ended December 31, ~~2022~~ **2023** , no customer accounted for more than 10. 0 % of sales, and three customers accounted for ~~52~~ **62** . ~~9~~ **5** %, ~~11~~ **13** . ~~4~~ **5** % ~~,~~and ~~10~~ **6** . ~~4~~ **2** % of accounts receivable. In line with industry practices in the PRC, we enter into written sales agreements with our distributors. However, such sales agreements are not in substance equivalent to a typical distribution agreement in the United States. Each sales agreement is more in the form of a sales order and specifies one or several purchases of one or more products without any continuing obligation to purchase any additional amount of products **. There are no written contracts between the Company and any of its distributors requesting the distributors to pay the Company' s account receivable upon their receipt of funds from its customers, or state- owned hospitals. Pharmaceutical distributors typically process the payment of the account receivable to the Company upon their receipt of payment from their customers, i. e., the state- owned hospitals, as a matter of implied consensus. In the event the length of collection term is deviated from any of the past pattern of any particular customer, the Company will adjust its credit term. Any potential default in repaying the accounts receivable without recourse by the Company may materially and negatively affect the Company' s profitability and business** . In the event certain distributors choose not to continue their relationship with us after completing their existing sales agreements, they can do so without breaching any contract or agreement, our financial results could be adversely affected if we cannot find the substantially similar distributors in time under such circumstances. In addition, some of our distributors may sell products that compete with our products. We compete for desired distributors with other pharmaceutical manufacturers, many of which may have higher visibility, greater name recognition, financial resources, and broader product selection than we do. Consequently, maintaining relationships with existing distributors and replacing distributors may be difficult and time- consuming. Any disruption of our distribution network, including our failure to renew our existing distribution agreements with our desired distributors, could negatively affect our ability to effectively sell our products and would materially and adversely affect our business, financial condition and results of operations. We rely on a limited number of distributors for the majority of sales of our products. We rely on a limited number of distributors for most of our net revenue. Our top five distributors in aggregate accounted for **22 % and** 20 % ~~and 21 %~~ of our net revenues in **2023 and** 2022 ~~and 2021~~ , respectively. We expect that a relatively small number of distributors will continue to account for a major portion of our net revenue in the near future. Our dependence on a few distributors may expose us to the risk of substantial losses if a single large distributor stops purchasing our products, purchases lower quantities of our products or goes out of business and we cannot find substitute distributors on equivalent terms. If any of our large distributors reduces the quantity of the products they purchase from us or stops purchasing from us, our net revenue would be materially and adversely affected. Our operations may be affected if we could not pass the Consistency Evaluation requirement issued by the State Council for any of our current existing products. Generic drugs refer to drugs with the same active ingredient, dosage form, delivery channel and therapeutic effects compared to the original drugs. The " Consistency Evaluation " requires currently marketed generic products to prove their consistency in term of quality and therapeutic effect, and substitutability during clinical trials with original drug. The Consistency Evaluation could enhance the development of pharmaceutical industry, ensure drug safety and effectiveness, promote the upgrading and restructuring the pharmaceutical industry, and improve international competitiveness. Both Relevant Matters Related to the Implementation of the Opinions of the General Office of the State Council on the Consistent Evaluation of the Quality and Efficacy of Generic Drugs (No. 106 of 2016) issued on May 26, 2016, and Announcement of the General Administration on the Consistency Evaluation of the Quality and Efficacy of Generic Drugs (No. 100 of 2017) issued on August 28, 2017 require that if a drug has more than 3 manufacturers passed the consistency evaluation, then the drug manufacturers without consistency evaluation valid status will have no access to participate in the drug Centralized Procurement. NMPA issued an official document on The Implementation of the Evaluation of the Quality and Efficacy of Chemical Injection Generics on May 14, 2020, requiring consistent evaluation for generics of pharmaceutical injections that are already on the market. If we fail to complete the consistency evaluations for our generic drugs per the government' s requirements, our business and operation will be negatively impacted. Our operations may be affected if we could not obtain raw materials from our current key suppliers on acceptable terms. We need a supply of a wide variety of raw materials to manufacture our products. Currently, we rely on numerous suppliers in the PRC and overseas to deliver our required raw materials. We have at least three principal suppliers for each of our most critical raw materials. For the year ended December 31, **2023, three suppliers accounted for 17. 7 %, 13. 8 % and 9. 1 % of raw material purchases and for the year ended December 31,** 2022, three suppliers accounted for 21. 7 %, 11. 1 % ~~,~~and 8. 9 ~~% of raw material purchases and for the year ended December 31, 2021, three suppliers accounted for 24. 8 %, 12. 7 %, and 11. 8 %~~ of raw material purchases. Historically, we have not had difficulty obtaining raw materials from suppliers. However, we cannot assure in the future we will not encounter any difficulty in obtaining the supplies, nor can we predict the impact on our suppliers of the current economic environment and other developments in their respective businesses, either. Insolvency, financial difficulties or other factors may result in our suppliers not being able to fulfill the terms of their agreements with us. Furthermore, such factors may render suppliers unwilling to extend contracts that provide favorable terms to us or may force them to seek to renegotiate existing contracts. Although we believe we have alternative sources of supply for the raw materials used in our business, termination of our relationships with any of our key suppliers could have a material adverse effect on our business, financial condition or results of operations in the unlikely event that we are unable to obtain adequate raw materials from other sources in a timely manner or at all. We may not be able to effectively manage our employees and distribution network, and our reputation, business, prospects and brand may be materially and adversely affected by actions taken by our distributors and third party marketing firms. We have limited ability to manage and control the activities of our independent distributors and third- party

marketing firms that we contract to promote our products and brand name, therefore, our reputation, business, prospects and brand may be materially and adversely affected by actions taken by them. Our distributors and third- party marketing firms could take one or more of the following actions, any of which could have a material adverse effect on our business, prospects and brand: ● sell our products outside their designated territory, possibly in violation of the exclusive distribution rights of other distributors; ● fail to adequately promote our products; ● promote competing products in lieu of our products; or ● violate the anti- corruption laws of China, the United States or other countries. Additionally, although our company policies prohibit our employees from making improper payments to hospitals or otherwise engaging in improper activities to influence the procurement decisions of hospitals, we may not be able to effectively manage our employees, as the compensation of our sales and marketing personnel is partially linked to their sales performance. As a result, we cannot assure you that our employees will not violate the anticorruption laws of the PRC, the United States and other countries. Such violations could have a material adverse effect on our reputation, business, prospects and brand. Failure to adequately manage our employees, distribution network or third- party marketing firms, or their non- compliance with employment, distribution or marketing agreements could harm our corporate image among hospitals and end users of our products and disrupt our sales, resulting in a failure to meet our sales goals. Furthermore, we could be liable for actions taken by our employees, distributors or third- party marketing firms, including any violations of applicable law in connection with the marketing or sale of our products, including China' s anticorruption laws and the Foreign Corrupt Practices Act of the United States, or the FCPA. In particular, if our employees, distributors or third- party marketing firms make any payments that are forbidden under the FCPA, we could be subject to civil and criminal penalties imposed by the U. S. government. Recently, the PRC government has increased its anti- corruption measures. In the pharmaceutical industry, corrupt practices include, among others, acceptance of rebates, bribes or other illegal gains or benefits by hospitals and medical practitioners from pharmaceutical manufacturers and distributors in connection with the prescription of certain pharmaceuticals. Our employees, affiliates, distributors or third- party marketing firms may violate these laws or otherwise engage in illegal practices with respect to their sales or marking of our products or other activities involving our products. If our employees, affiliates, distributors or third- party marketing firms violate these laws, we could be required to pay damages or fines, which could materially and adversely affect our financial condition and results of operations. In addition, PRC laws regarding the types of payments to promote or sell our products that are impermissible are not always clear. As a result, we, our employees, affiliates, our distributors or third- party marketing firms could make certain payments in connection with the promotion or sale of our products or other activities involving our products which at the time could be reasonably determined to be legal but are later deemed impermissible by the PRC government. Furthermore, our brand and reputation, our sales activities or the price of our common stock could be adversely affected if we become the target of any negative publicity as a result of actions taken by our employees, affiliates, distributors or third- party marketing firms. We have limited insurance coverage and may incur losses resulting from product liability claims, business interruptions or claims that could be covered by D & O Insurance. The nature of our business exposes us to the risk of product liability claims that is inherent in the research and development, manufacturing and marketing of pharmaceutical products. Using product candidates in clinical trials also exposes us to product liability claims. These risks are greater for our products that receive regulatory approval for commercial sale. Even if a product is approved for commercial use by an appropriate governmental agency, there can be no assurance that users will not claim effects other than those intended resulted from the use of our products. While no material claim for personal injury resulting from allegedly defective products has been brought against us to date, a substantial claim or a substantial number of claims, if successful, could have a material adverse impact on our business, financial condition and results of operations. Such lawsuits may divert the attention of our management from our business strategies, may be costly to defend and may negatively impact our reputation and our Helpson brand' s reputation, and may harm the sales of our other branded products. In addition, product liability insurance for pharmaceutical products is not available in the PRC. In the event of allegations that any of our products are harmful, we may experience reduced consumer demand for our products or our products may be recalled from the market. We may also be forced to defend lawsuits and, if unsuccessful, to pay a substantial amount in damages, legal fees, and other related expenses. In addition, business interruption insurance available in the PRC offers limited coverage compared to that offered in many other countries. We do not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources. Lastly, we currently do not have directors and officers insurance. In the event we or any of our directors or officers are sued under any proceedings or actions that could be covered by a standard D & O insurance, we may incur substantial costs and expenses to defend such case. Our future liquidity needs are uncertain and we may need to raise additional funds in the future. Based on our current operating plans, we expect our existing resources to be sufficient to fund our existing operations for at least 12 months. However, we may need to raise additional funds to expand our operations. In addition, we may need to raise additional funds if our expenditures exceed our current expectations. This could occur for a number of reasons, including: ● we decide to devote significant amount of financial resources to the development of products that we believe to have significant commercialization potential; ● we decide to acquire or license rights to additional product candidates or new technologies; ● some of our product candidates fail in clinical trials or pre- clinical studies or prove not to be as commercially promising as we expected, and we are forced to develop or acquire additional product candidates; ● Some of our product candidates require more extensive clinical or pre- clinical testing or clinical trials for these product candidates take longer to complete than we currently expect; or ● we decide or are required to conduct more high- throughput screening than expected against current or additional disease targets to develop additional product candidates. **Our** ~~Ourability~~ --- **ability** to raise additional funds in the future is subject to a variety of uncertainties, including: ● our future financial condition, results of operations and cash flows; ● general market conditions for capital- raising activities by pharmaceutical companies; and ● economic, political and other conditions in China and elsewhere. We cannot assure you that our revenues will be sufficient to meet our operational needs and capital requirements. If we need to obtain external financing, we cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Our

future liquidity needs and other business reasons could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity- linked securities could result in additional dilution to our stockholders. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. The failure to manage growth effectively could have an adverse effect on our business, financial condition and results of our operations. The rapid market growth of our pharmaceutical products may pose more requirements or more costs on the employment management for managerial, operational, financial and other purposes. As of December 31, ~~2022~~ **2023** , we had ~~244~~ **239** employees. To keep **up with the** ~~rapidly --~~ **rapid development** ~~increasing trend~~ of the Chinese pharmaceutical industry, it will impose significant responsibilities upon the members of management to identify, recruit, maintain, integrate and motivate new and old employees In addition, we may need to increase the salary, or the equity incentive plan for the employees to keep them in the Company. Aside from the increased difficulties and increased costs in the management of human resources, we may also encounter working capital issues, as we need increased liquidity to finance the purchases of raw materials and supplies, drug formulas for new products, investment in research and development, acquisition of new businesses and technologies. Our failure to manage any of the above business administration may lead to operational and financial inefficiencies that will have a negative effect on our profitability. We depend upon key employees and consultants in a competitive market for skilled personnel. If we are unable to attract and retain key personnel, it could adversely affect our ability to develop and market our products. We are highly dependent upon the principal members of our management team, especially Ms. Zhilin Li, our ~~Chairman~~ **Chairperson** , President and Chief Executive Officer. We cannot not guarantee that Ms. Li will stay in the Company in the long run, and the loss of Ms. Li' s services would adversely affect our ability to develop and market our products. We also depend in part on the continued services of our key scientific personnel and our ability to identify, hire and retain additional personnel, including marketing and sales staff. We face intense competition for qualified personnel, and the existence of noncompetition agreements between prospective employees and their former employers may prevent us from hiring those individuals or subject us to suit from their former employers. While we attempt to provide competitive compensation packages to attract and retain key personnel, many of our competitors are likely to have greater resources and more experience than we have, making it difficult for us to compete successfully for key personnel. Certain of our employees and consultants were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors, or at universities or other research institutions. Although there is currently no claim against us, we may be subject to claims that these employees or consultants have, inadvertently or otherwise, used or disclosed trade secrets or other proprietary information of their former employers. It may be necessary to for us to litigate and defend against these claims. Even if we successfully defend against these claims, litigation could result in substantial costs and be a distraction to our management. If we fail to defend such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Power shortages, natural disasters, terrorist acts or other calamities could disrupt our production and have a material adverse effect on our business, financial position and results of operations. All of our products are produced at our manufacturing facility in Hainan, China **, which is exposed to certain natural disasters such as typhoons** . A significant disruption at that facility, even on a short- term basis, could impair our ability to timely produce and ship products, which could have a material adverse effect on our business, financial position and results of operations. Our manufacturing operations are vulnerable to interruption and damage from natural and other types of disasters, including earthquake, fire, floods, environmental accidents, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously impaired ~~. For example, a once- in- forty- year 16 grade super typhoon Rammasun hit Haikou on July 18, 2014, which caused us approximately $ 2. 3 million (RMB14. 2 million) in losses. Part of a warehouse was flooded, some damage was caused to our new facility, and the water and electricity supply was suspended for several days, causing a brief halt to our production activities and a delay in our obtaining GMP certification~~ . In addition, we do not maintain any insurance other than property insurance for some of our buildings, vehicles and equipment. Accordingly, unexpected business interruptions resulting from disasters could disrupt our operations and thereby result in substantial costs and diversion of resources. Our production process requires a continuous supply of electricity. We have encountered power shortages historically due to restricted power supply to industrial users during summers when the usage of electricity is high and supply is limited or as a result of damage to the electricity supply network. Because the duration of those power shortages was brief, they had no material impact on our operations. Longer interruptions of electricity supply could result in lengthy production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any major suspension or termination of electricity or other unexpected business interruptions could have a material adverse impact on our business, financial condition and results of operations. We cannot guarantee the protection of our intellectual property rights, and if infringement or counterfeiting of our intellectual property rights occurs, then our reputation and business may be adversely affected. To protect the brand names of our products, we have registered and applied for registration of certain of our trademarks in the PRC. Currently eight of the 19 pharmaceutical products we manufacture are marketed under a brand registered as a trademark in China. We also purchased ~~a~~ **six** pharmaceutical ~~compound~~ **compounds** from ~~a~~ **certain** third ~~party~~ **parties** that we are seeking to develop into a further product. To date, we have not experienced any infringements of our trademarks for sales of pharmaceutical products or our exclusive patent license, and we are not aware of any infringement of our intellectual property rights. However, there is no guarantee that there will not be any infringements of our brand name or other registered trademarks or counterfeiting of our products in the future. There is no guarantee that there will not be any third- party infringement of our patents. Should any such infringement or counterfeiting occur, our reputation and business may be adversely affected. We may also incur significant expenses and substantial amounts of time and effort to protect our intellectual property rights in the future. Such diversion of our resources may adversely affect our existing business and future expansion plans. Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the intellectual property rights of others. However, because the validity, enforceability and scope of protection of intellectual

property rights in the PRC are uncertain and still evolving, we may not be successful in prosecuting these cases. In addition, any litigation or proceeding or other efforts to protect our intellectual property rights could result in substantial costs and diversion of our resources and could seriously harm our business and operating results. Furthermore, the degree of future protection of our proprietary rights is uncertain and may not adequately protect our rights or permit us to gain or keep our competitive advantage. If we are unable to protect our trade names, trade secrets and other propriety information from infringement, our business, financial condition and results of operations may be materially and adversely affected. **Risks Related to Doing Business in China** Adverse changes in political and economic policies of the PRC government could have a material and adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position. We conduct substantially all of our business and have historically derived all of our revenues in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including: ● the degree of government involvement; ● the level of development; ● the growth rate; ● the control of foreign exchange; ● access to financing; and ● the allocation of resources. While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among various sectors of the economy. The Chinese economy has also experienced certain adverse effects due to the recent global financial crisis. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us, and by government policies or guidance aimed at curtailing the perceived over- capacity of certain industry sectors, such as pharmaceutical companies. The Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which could in turn reduce the demand for our products and materially and adversely affect our operating results and financial condition. China' s economy has been transitioning from a planned economy to a more market- oriented economy. Although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, ~~a substantial portion of the productive assets in China is still owned by the~~ Chinese government ~~. The continued control of~~ **still has substantive power to certain areas that may be related to** ~~these~~ -- **the** ~~assets~~ **business operations of our operating entities, such as the right to use** ~~and~~ **land** ~~other aspects~~ **, price** of ~~the national economy by the Chinese government~~ **certain of our products, and it** could materially and adversely affect our business ~~. The Chinese government also exercises significant control over China' s economic growth through the allocation of resources, controlling payment of foreign currency- denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies~~ . Any adverse change in the economic conditions or government policies in China could have a material and adverse effect on overall economic growth and the level of investments in health industries in China, which in turn could lead to a reduction in demand for our products and consequently have a material and adverse effect on our business **. The Chinese government may intervene with or influence our business at any time. That may negatively influence our operation, our ability to continue listing on U. S. exchange and the value of our shares may significantly decline or be worthless, which would materially affect the interest of our stockholders. The Chinese central or local governments may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties. As such, our business segments may be subject to various government and regulatory interference in the provinces in which they operate. The Company could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub- divisions. The Company may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. The Chinese government may intervene with or influence our operations at any time with little advance notice, which could result in a material change in our operations and in the value of our shares** . The PRC legal system has inherent uncertainties that could limit the legal protections available to us. The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which ~~decided~~ legal cases have little precedential value. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing commercial matters. The overall effect of legislation enacted over the past 20 years has significantly enhanced the protections afforded to foreign- invested enterprises in China. However, these laws, regulations and legal requirements are relatively recent and are evolving rapidly, and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to foreign investors. The practical effect of the PRC legal system on our business operations in China can be viewed as two separate but intertwined considerations. First, as a matter of substantive law, the Foreign Invested Enterprise laws provide significant protection **to keep the Company** from government interference. In addition, these laws guarantee the full benefit of corporate articles and contracts to foreign invested enterprise participants. These laws, however, do impose standards concerning corporate formation and governance that are not qualitatively different from the corporation laws found in the United States. Similarly, PRC accounting laws mandate accounting practices that may not be consistent with the U. S. generally accepted accounting principles. PRC accounting laws require that an annual " statutory audit " be performed in accordance with PRC accounting standards and that the account books of a foreign invested enterprise be maintained in accordance with PRC accounting laws. Article 14 of the PRC Wholly Foreign- Owned Enterprise Law requires

a wholly foreign- owned enterprise to submit certain periodic fiscal reports and statements to designated financial and tax authorities. If a foreign- invested enterprise refuses to keep account books in China, the financial and tax authorities may impose a fine on it, and the industry and commerce administration authority may order it to suspend operations or may revoke its business license. Second, while the enforcement of substantive rights may be less clear than United States procedures, foreign-invested enterprises and foreign wholly- owned enterprises are PRC registered companies that enjoy the same status as other PRC registered companies in business- to- business dispute resolutions. The PRC legal infrastructure, however, is significantly different in operation from its United States counterpart, and may present a significant impediment to the operation of a foreign invested enterprise. You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC against our company or our management based on U. S. or other foreign laws. Our operating subsidiary, Helpson, is incorporated under the laws of the PRC and substantially all of our assets are located in the PRC. Additionally, substantially all of our directors, executive officers and managers reside within the PRC, and substantially all assets of these persons are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon certain of our directors, executive officers or managers, including with respect to matters arising under U. S. federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, **and** ~~the United Kingdom, Japan or~~ many other countries. As a result, recognition and enforcement in the PRC of judgments of a court in the United States and any of the other jurisdictions ~~mentioned above~~ in relation to any matter may be difficult or impossible. Furthermore, an original action may be brought in the PRC against us, our directors, executive officers or managers only if the actions are not required to be arbitrated by PRC law under Helpson' s articles of association, and only if the facts alleged in the complaint give rise to a cause of action under PRC law. In connection with any such original action, a PRC court may impose civil liability, including monetary damages. As a Foreign Invested Company in China, Helpson' s ownership structure may be impacted by the foreign investment regulation and its measures in China. In accordance with Decree No. 723 of the State Council of the People' s Republic of China issued on December 26, 2019, the Regulations on the Implementation of the Foreign Investment Law of the People' s Republic of China came into force on January 1, 2020. On December 28, 2020, the National Development and Reform Commission and the Ministry of Commerce publicly released the Directory of Industries to Encourage Foreign Investment (Encouraged Catalogue) (2020 Edition). On December 27, 2021, the National Development and Reform Commission of China (" NDRC ") and the Ministry of Commerce (" MOFCOM ") jointly issued the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 Edition), and the Special Administrative Measures for Foreign Investment Access in Pilot Free Trade Zones (Negative List) (2021 Edition), effective January 1, 2022. As per these policies, the national negative list of foreign investment access was reduced from 33 to 31, and the negative list of foreign investment access in the FTZ was reduced from 30 to 27. Industries listed in the 2020 Encouraged Catalogue are the encouraged industries. On the other hand, industries listed in the 2021 Negative List are subject to special management measures. For example, establishment of wholly foreign- owned enterprises is generally allowed in industries outside of the 2021 Negative List. Also, foreign investors are not allowed to invest in industries that are expressly prohibited in the 2021 Negative List. The industries that are not expressly prohibited in the Negative List are still subject to government approvals and certain special requirements. The majority of pharmaceutical manufacturing industry including the segments under which the Company conducts its business is not included in the 2021 Negative List. Helpson manufactures and markets generic and branded pharmaceutical products as well as biochemical products primarily to hospitals and private retailers located throughout the PRC. The Company believes Helpson' s business is not subject to any ownership restrictions prescribed under the Catalogue. Onny acquired 100 % of the ownership in Helpson on May 25, 2005, by entering into an Equity Transfer Agreement with Helpson' s three former shareholders. The transaction was approved by the Commercial Bureau of Hainan Province on June 12, 2005 and Helpson received the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC on the same day. Helpson received its business license evidencing its WFOE (Wholly Foreign Owned Enterprise) status on June 21, 2005. However, in the event the 2021 Negative List is amended in the future to include any of the business Helpson is operating, our ownership structure could be subject to change to the extent our structure is not given any " grandfather " protection. Because we receive substantially all of our revenue in Renminbi, which currently is not a freely convertible currency, and the PRC government controls the currency conversion and the fluctuation of the Renminbi, we are subject to changes in the PRC' s political and economic decisions. We receive substantially all of our revenues in Renminbi, which currently is not a freely- convertible currency. The PRC government may, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any future restrictions on currency exchanges may limit our ability to use revenue generated in Renminbi to fund any future business activities outside China or to make dividend or other payments in U. S. dollars. Although the Chinese government introduced regulations in 1996 to allow greater convertibility of the Renminbi for current account transactions, significant restrictions still remain, including primarily the restriction that foreign- invested enterprises may only buy, sell or remit foreign currencies, after providing valid commercial documents, at those banks authorized to conduct foreign exchange business. In addition, conversion of Renminbi for capital account items, including direct investment and loans, is subject to governmental approval in China, and companies are required to open and maintain separate foreign exchange accounts for capital account items. We cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of the Renminbi, especially with respect to foreign exchange transactions. Fluctuation in the value of the Renminbi may have a material and adverse effect on your investment. The change in value of the Renminbi against the U. S. dollar is affected by, among other things, changes in PRC' s political and economic conditions. From 1995 until July 2005, the People' s Bank of China intervened in the foreign exchange market to maintain an exchange rate of approximately Renminbi 8. 3 per U. S. dollar. On July 21, 2005, the PRC government changed this policy and began allowing modest appreciation of the Renminbi versus the U. S. dollar. Under the new policy, the Renminbi was permitted to fluctuate within a

narrow and managed band against a basket of certain foreign currencies. This change in policy caused the Renminbi to appreciate approximately 21. 5 % against the U. S. dollar over the following three years. As a consequence, the Renminbi has fluctuated sharply since July 2008 against other freely traded currencies, in tandem with the U. S. dollar. It is difficult to predict how long the current situation may last and when and how it may change again. There is significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U. S. dollar. Significant revaluation of the Renminbi may have a material adverse effect on your investment. For example, to the extent that we need to convert U. S. dollars we receive from securities offering into Renminbi for our operations, appreciation of the Renminbi against the U. S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U. S. dollars for the purpose of making payments for dividends on our common stock or for other business purposes, appreciation of the U. S. dollar against the Renminbi would have a negative effect on the U. S. dollar amount available to us. In August 2015, the PRC Government devalued its currency by approximately 3 %, represented the largest yuan depreciation for 20 years. Concerns remain that China' s slowing economy, and in particular its exports, will need a stimulus that can only come from further cuts in the exchange rate. In addition, appreciation or depreciation in the value of the Renminbi relative to the U. S. dollar would affect our financial results reported in U. S. dollar terms without giving effect to any underlying change in our business or results of operations. The income statements of our operations are translated into U. S. dollars at the average exchange rates in each applicable period. To the extent the U. S. dollar strengthens against foreign currencies, the translation of these foreign currencies denominated transactions results in reduced revenue, operating expenses and net income for our international operations. Similarly, to the extent the U. S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions results in increased revenue, operating expenses and net income for our international operations. We are also exposed to foreign exchange rate fluctuations as we convert the financial statements of our foreign subsidiaries into U. S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the foreign subsidiaries' financial statements into U. S. dollars will lead to a translation gain or loss, which is recorded as a component of other comprehensive income. Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. We are subject to the environmental protection laws of the PRC that may be costly to comply with and may adversely affect our manufacturing operations. Our manufacturing process may produce by-products, such as effluent, gases and noise, which are harmful to the environment. We are subject to multiple laws governing environmental protection, such as " The Law on Environmental Protection in the PRC " and " The Law on Prevention of Effluent Pollution in the PRC, " as well as standards set by the relevant governmental bodies determining the classification of different wastes and proper disposal. We have properly attained a waste disposal permit for our manufacturing facility, which details the types and concentration of effluents and gases allowed for disposal. We are responsible for periodically renewing this waste disposal permit. There is no assurance that we will obtain a renewal of the waste disposal permit when the current permit expires in February 2028. China is experiencing substantial ~~problems with~~ environmental pollution. Accordingly, it is likely that the national, provincial and local governmental agencies will adopt stricter pollution controls. There is no guarantee that future changes in environmental laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities. Our business' s profitability may be adversely affected if additional or modified environmental control regulations are imposed upon us. Failure to comply with PRC regulations regarding the registration requirements for employee equity incentive plans may subject our PRC citizen employees or us to fines and other legal or administrative sanctions. On March 28, 2007, the SAFE promulgated the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Share Option Plan of Overseas- Listed Company, which were superseded by Notice from SAFE regarding Issues related to Domestic Individual Participating Offshore Public Company Equity Incentive Plan promulgated on February 15, 2012 (" SAFE # 7 "), or the Share Option Rule. Under the Share Option Rule, PRC citizens who are granted stock options or other employee equity incentive awards by an overseas publicly- listed company are required, through a PRC agent who may be a PRC subsidiary of such overseas publicly- listed company, to register with the SAFE and complete certain other procedures related to the share options or other employee equity incentive plans. We and our PRC citizen employees who are granted share options or other equity incentive awards under our 2010 Long-Term Incentive Plan, or PRC optionees, are subject to the Share Option Rule. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions. U. S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China. Any disclosure of documents or information located in China by foreign agencies may be subject to jurisdiction constraints and must comply with China' s state secrecy laws, which broadly define the scope of " state secrets " to include matters involving economic interests and technologies. There is no guarantee that requests from U. S. federal or state regulators or agencies to investigate or inspect our operations will be honored by us, by entities who provide services to us or with whom we associate, without violating PRC legal requirements, especially as those entities are located in China. Furthermore, under the current PRC laws, an on- site inspection of our facilities by any of these regulators may be limited or prohibited. PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. Any funds the Company transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign- invested enterprises, or FIEs, in China, capital contributions to our PRC subsidiaries are subject to the approval of or filing with the Ministry of Commerce, or MOFCOM or its

local branches and registration with a local bank authorized by the State Administration of Foreign Exchange, or SAFE. In addition, (i) a foreign loan of less one year duration procured by our PRC subsidiaries is required to be registered with SAFE or its local branches and (ii) a foreign loan of one year duration or more procured by our PRC subsidiaries is required to be applied to the NDRC in advance for undergoing recordation registration formalities. Any medium or long- term loan to be provided by us to our PRC operating subsidiaries, must be registered with the NDRC and the SAFE or its local branches. The Company may not be able to complete such registrations on a timely basis, with respect to future capital contributions or foreign loans by us to our PRC Subsidiary. If the Company fail to complete such registrations, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business. On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign- Invested Enterprises, or SAFE Circular 19, which took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capital for expenditure beyond their business scopes, providing entrusted loans or repaying loans between nonfinancial enterprises. The SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective in June 2016. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to Renminbi on a self- discretionary basis. SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self- discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency- denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non- affiliated entities. As this circular is relatively new, there remains uncertainty as to its interpretation and application and any other future foreign exchange related rules. Violations of these Circulars could result in severe monetary or other penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to ~~use Renminbi converted from~~ **transfer any foreign currency we hold, including** the net proceeds ~~of~~ **from** this offering ~~to fund our PRC operating subsidiary~~ , to ~~invest in or~~ **our WFOE** ~~acquire any other PRC companies through our PRC Subsidiary~~ , which may adversely affect our **liquidity and our ability to fund and expand our** business **in China. On October 23** , **2019, the SAFE issued the Circular on Further Promoting Cross- border Trade and Investment Facilitation (the " SAFE Circular 28 "), which took effect on the same day. The SAFE Circular 28, subject to certain conditions, allows foreign- invested enterprises whose business scope does not include investment, or non- investment foreign- invested enterprises, to use their capital funds to make equity investments in China. It is also implemented in practice. 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 loans to our PRC Subsidiaries or future capital contributions by us to our WFOE in China. As a result, uncertainties exist as to our ability to provide prompt** financial ~~condition~~ **support to our PRC Subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering** and ~~results of~~ **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** . Compliance with China' s new Data Security Law, Measures on Cybersecurity Review, Personal Information Protection Law (second draft for consultation), 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 new Data Security Law 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. 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 a series of national standards on the grading and implementation of the 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 Company' s management believes that they are currently classified as Level 1. Recently, the Cyberspace Administration of China 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. " ~~On July 10, 2021, the Cyberspace Administration of China published a revised draft of the Measures on Cybersecurity Review, expanding the cybersecurity review to data processing operators in possession of personal information of over 1 million users if the operators intend to list~~

their securities in a foreign country. As we are not a data processing operator in possession of person information, we are not within the expanded scope. 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 our business. 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, recently, the National People' s Congress released the Personal Information Protection Law (the " PIPL "), which became effective on November 1, 2021. The PIPL 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 PIPL also provides 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 PIPL provides significant fines for serious violations of up to RMB 50 million or 5 % of annual revenues from the prior year and may also be ordered to suspend any related activity by competent authorities . 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, 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 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. We are not required to submit an application to CSRC pursuant to the M & A Rules, nor are we subject to the cybersecurity review. However, based on the recent promulgation of the Trial Measures, which are set to be effective on March 31, 2023, we may be required to complete the filing requirements when we have re- financing or any additional offerings in future. The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M & A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle' s securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by a special purpose vehicle seeking CSRC approval of its overseas listings. However, substantial uncertainty remains regarding the scope and applicability of the M & A Rules to offshore special purpose vehicles. Currently, there is no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. Based on our understanding of the Chinese laws and regulations in effect at the time of this report, we will not be required to submit an application to the CSRC for its approval of an offering in a foreseeable future and the listing and trading of our common stock on NYSE American. However, there remains some uncertainty as to how the M & A Rules will be interpreted or implemented in the context of an overseas offering and our belief is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M & A Rules or overseas offering approval. We cannot assure you that relevant PRC governmental agencies, including the CSRC, would reach the same conclusion as we do. Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the " Opinions on Severely Cracking Down on Illegal Securities Activities According to Law, " or the Opinions, which was made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of relevant regulatory systems will be taken to deal with the risks and incidents of China- concept overseas listed companies, and cybersecurity and data privacy protection requirements and similar matters . On December 28, 2021, the CAC, and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cyber Security Review, or the New Measures for Cyber Security Review, which came into effect on February 15, 2022 and replace the prior Measures for Cyber Security Review promulgated on April 13, 2020. The New Measures for Cyber Security Review provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators and the network platform operators engaging in data processing activities that affects or may affect national security should be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users are obliged to apply for a cybersecurity review by the Cybersecurity Review Office before listing abroad; and (iii) relevant governmental authorities in the PRC may initiate

cybersecurity review if they determine the relevant network products or services or data processing activities affect or may affect national security. We believe that we are not subject to cybersecurity review, since we (i) are not network platform operators engaging in data processing activities that affect or may affect national security; (ii) are not critical information infrastructure operators purchasing cyber products or services that affect or may affect national security; (iii) are not network platform operators with personal information data of more than one million users and do not need to obtain any permission or approval from the CAC in accordance with the New Measures for Cyber Security Review. However, as PRC governmental authorities have significant discretion in interpreting and implementing statutory provisions and there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations, we cannot guarantee the PRC government will have the same analysis and application of law **as we expect. In November 2021, the CAC released the Measures of Regulations on the Network Data Security Administration (Draft for Comments), or the Draft Regulations on Network Data Security. The Draft Regulations on Network Data Security define " data processors " as individuals or organizations that can make autonomous decisions regarding the purpose and the manner of their data processing activities such as data collection, storage, utilization, transmission, publication and deletion. In accordance with the Draft Regulations on Network Data Security, data processors shall apply for a cybersecurity review for certain activities, including, among other things, (i) the listing abroad of data processors that process the personal information of more than one million users; (ii) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (iii) listing in Hong Kong which affects or may affect national security; or (iv) any data processing activity that affects or may affect national security. However, there have been no clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that " affects or may affect national security. " In addition, the Draft Regulations on Network Data Security requires that data processors that process " important data " or are listed overseas must conduct an annual data security assessment by itself or authorize a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. As of the date of this annual report, the Draft Regulations on Network Data Security has not been formally adopted, and their respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty. Many of the data- and data privacy-related laws and regulations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. If any data that we possess belongs to data categories that are or may become subject to heightened scrutiny, we may be required to adopt stricter measures for protection and management of such data. The Cybersecurity Review Measures and the Draft Regulations on Network Data Security remain unclear on whether the relevant requirements will be applicable to companies that,** like us **, are already listed in the United States. We cannot predict the impact of the Cybersecurity Review Measures and the Draft Regulations on Network Data Security, if any, at this stage, and we will closely monitor and assess any developments in the rule- making process. If the Cybersecurity Review Measures and the enacted version of the Draft Regulations on Network Data Security mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we may face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non- compliant operations, or removal of our app from the relevant application stores, and materially and adversely affect our business and results of operations. In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC legislative and regulatory bodies may enact in the future, related to cybersecurity, data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice. In light of the fact that laws and regulations on cybersecurity, data privacy and personal information protection are evolving and uncertainty remains with respect to their interpretation and implementation, we cannot guarantee that we will be able to maintain full compliance at all times, or that our existing user information protection system and technical measures will be considered sufficient. Any non- compliance or perceived non- compliance with these laws, regulations or policies may lead to warnings, fines, investigations, lawsuits, confiscation of illegal gains, revocation of licenses, cancelation of filings or listings, closedown of websites, removal of apps and suspension of downloads, price drops in our securities or even criminal liabilities against us by government agencies or other individuals. Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions. Anti- Monopoly Law of the People' s Republic of China promulgated by the Standing Committee of the National People' s Congress, which became effective in 2008 and amended in 2022 (" Anti- Monopoly Law "), established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time- consuming and complex. Such regulation requires, among other things, that State Administration for Market Regulation (" SAMR ") be notified in advance of any change-of- control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators, issued by the State Council in 2008 and amended in 2018, are triggered. Moreover, the Anti- Monopoly Law requires that transactions which involve the national security, the examination on the national security shall also be conducted according to the relevant provisions of the State. In addition, PRC Measures for the Security Review of Foreign Investment which became effective in January 2021 require acquisitions by foreign investors of PRC companies engaged in military- related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the**

requirements of these regulations to complete such transactions could be time- consuming, and any required approval processes, including obtaining approval or clearance from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. We are not required to submit an application to CSRC pursuant to the M & A Rules, nor are we subject to the cybersecurity review. However, based on the recent promulgation of the Trial Measures, which became effective on March 31, 2023, we may be required to complete the filing requirements when we have re- financing or any additional offerings in future. The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M & A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle' s securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by a special purpose vehicle seeking CSRC approval of its overseas listings. However, substantial uncertainty remains regarding the scope and applicability of the M & A Rules to offshore special purpose vehicles. Currently, there is no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. Based on our understanding of the Chinese laws and regulations in effect at the time of this annual report, we will not be required to submit an application to the CSRC for its approval of an offering in a foreseeable future and the listing and trading of our common stock on NYSE American. However, there remains some uncertainty as to how the M & A Rules will be interpreted or implemented in the context of an overseas offering and our belief is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M & A Rules or overseas offering approval. We cannot assure you that relevant PRC governmental agencies, including the CSRC, would reach the same conclusion as we do. Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the " Opinions on Severely Cracking Down on Illegal Securities Activities According to Law, " or the Opinions, which was made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of relevant regulatory systems will be taken to deal with the risks and incidents of China- concept overseas listed companies, and cybersecurity and data privacy protection requirements and similar matters . On December 24, 2021, the China Securities Regulatory Commission, or the " CSRC ", published draft regulations (the " Draft Rules ") on domestic enterprises issuing securities and being listed overseas. The Draft Rules lay out specific filing requirements for overseas listing and offering by PRC domestic companies and include unified regulation management and strengthening regulatory coordination. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the " Trial Measures "), which **became** ~~will take effect~~ **effective** on March 31, 2023. The Trial Measures supersede the Draft Rules 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 or registered but not yet listed in foreign securities markets, including U. S. markets, prior to the effective date of the Trial Measures; (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 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 shareholders for failure to comply with the Trial Measures, including failure to comply with filing obligations or committing fraud and misrepresentation. Because we are already publicly listed in the U. S., the Trial Measures do not impose additional regulatory burden on us beyond the obligation to report to the CSRC any future offerings of our securities, or material events such as a change of control or delisting. Despite of the foregoing, we cannot assure you if we will be able to complete the filing procedure in a timely fashion when we are required to do so for any offerings in the future. **Restrictions contained in Chinese law on the ability of overseas securities regulators to collect information in China may deny investors in our Company the benefits of U. S. securities regulation. China has often restricted U. S. regulators' access to information and limited regulators' ability to investigate or pursue remedies with respect to China- based issuers, generally citing to state secrecy and national security laws, blocking statutes, or other laws or regulations. Any disclosure of documents or information located in China by foreign agencies may be subject to jurisdiction constraints and must comply with China' s state secrecy laws, which broadly define the scope of " state secrets " to include matters involving economic interests and technologies. In addition, according to Article 177 of the PRC Securities Law (" Article 177 "), which became effective in March 2020, no overseas securities regulator can directly conduct investigations or evidence collection activities within the PRC and no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators without Chinese government approval. There is no guarantee that requests from U. S. federal or state regulators or agencies to investigate or inspect our operations will be honored, by entities who provide services to us or with whom we associate, without violating PRC legal requirements, especially as those entities are located in China. The SEC, U. S. Department of Justice, and other U. S. authorities face substantial challenges in bringing and enforcing actions against China- based issuers and their officers and directors. As a result, investors in the Company may not benefit from a regulatory environment that fosters effective enforcement of U. S. federal securities laws. As Article 177 and the PRC Securities Law are newly promulgated, there are uncertainties as to the procedures and requisite timing for the U. S. securities regulatory agencies to conduct**

investigations and collect evidence within the territory of the PRC. If the U. S. securities regulatory agencies are unable to conduct such investigations, there exists a risk that they may determine to suspend or de- register our registration with the SEC and may also delist our securities from NYSE American exchange or other applicable trading market within the US. The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China. On May 20, 2020, the U. S. Senate passed the Holding Foreign Companies Accountable Act (the " HFCAA ") requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the Company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the Company' s auditors for three consecutive years, the issuer' s securities are prohibited to trade on a national securities exchange or in the over the counter trading market in the U. S. On December 18, 2020, the HFCAA was signed into law. The HFCAA has since then been subject to amendments by the U. S. Congress and interpretations and rulemaking by the SEC. On June 22, 2021, the U. S. Senate passed the Accelerating Holding Foreign Companies Accountable Act (" AHFCAA "), which proposes to reduce the period of time for foreign companies to comply with PCAOB audits from three to two consecutive years, thus reducing the time period before the securities of such foreign companies may be prohibited from trading or delisted. On December 29, 2022, the **Consolidated Appropriations Act, 2023 (the " CAA "), which** AHFCAA **constituted a part,** was signed into law **, which officially reduced the number of consecutive non- inspection years required for triggering the prohibitions under the HFCAA from three years to two, thus, reducing the time before an applicable issuer' s securities may be prohibited from trading or delisted** . On December 16, 2021, PCAOB announced the PCAOB HFCAA determinations relating to the PCAOB' s inability to inspect or investigate completely registered public accounting firms headquartered in mainland China of the PRC or Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in the PRC or Hong Kong. The inability of the PCAOB to conduct inspections of auditors in China made it more difficult to evaluate the effectiveness of these accounting firms' audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause existing and potential investors in issuers operating in China to lose confidence in such issuers' procedures and reported financial information and the quality of financial statements. Our auditor, BF Borgers CPA PC, 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 our auditor' s compliance with the applicable professional standards. Our auditor is headquartered in Colorado, and is subject to inspection by the PCAOB on a regular basis with the last inspection in ~~2022~~ **2023** . On August 26, 2022, the PCAOB announced and signed a Statement of Protocol (the " Protocol ") with the China Securities Regulatory Commission and the Ministry of Finance of the People' s Republic of China (together, the " PRC Authorities "). The Protocol provides the PCAOB with: (1) sole discretion to select the firms, audit engagements and potential violations it inspects and investigates, without any involvement of Chinese authorities; (2) procedures for PCAOB inspectors and investigators to view complete audit work papers with all information included and for the PCAOB to retain information as needed; (3) direct access to interview and take testimony from all personnel associated with the audits the PCAOB inspects or investigates. On December 15, 2022, the PCAOB announced in its 2022 HFCAA Determination Report (the " 2022 Report ") its determination that the PCAOB was able to secure complete access to inspect and investigate audit firms in the People' s Republic of China (PRC), and the PCAOB Board voted to vacate previous determinations to the contrary. According to the 2022 Report, this determination was reached after the PCAOB had thoroughly tested compliance with every aspect of the Protocol necessary to determine complete access, including on- site inspections and investigations in a manner fully consistent with the PCAOB' s methodology and approach in the U. S. and globally. According to the 2022 Report, the PRC Authorities had fully assisted and cooperated with the PCAOB in carrying out the inspections and investigations according to the Protocol, and have agreed to continue to assist the PCAOB' s investigations and inspections in the future. The PCAOB may reassess its determinations and issue new determinations consistent with the HFCAA at any time. While the HFCAA and AHFCAA are 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 and AHFCAA. 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 NYSE American earlier than would be required by the HFCAA and AHFCAA. 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. PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us. In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our ~~shareholders~~ **stockholders** who are PRC residents and may be applicable to any offshore acquisitions that we make in the

future. Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder of such SPV fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiary in China. On February 13, 2015, the SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE. Some of our shareholders that we are aware of are subject to SAFE regulations, and we expect all of these shareholders will have completed all necessary registrations with the local SAFE branch or qualified banks as required by SAFE Circular 37. We cannot assure you, however, that all of these shareholders may continue to make required filings or updates in a timely manner, or at all. We can provide no assurance that we are or will in the future continue to be informed of identities of all PRC residents holding direct or indirect interest in our company. Any failure or inability by such shareholders to comply with SAFE regulations may subject us to fines or legal sanctions, such as restrictions on our cross- border investment activities or our PRC subsidiaries' ability to distribute dividends to, or obtain foreign exchange- denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected. Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross- border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign- currency- denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects ~~. U. S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China~~ . Our China- sourced income is subject to PRC withholding tax under the new Enterprise Income Tax Law of the PRC, and we may be subject to PRC enterprise income tax at the rate of 25 % when more detailed rules or precedents are promulgated. The PRC enterprise income tax is calculated based on the taxable income determined under the PRC laws and accounting standards. On March 16, 2007, the National People' s Congress of China enacted a new Enterprise Income Tax Law of the PRC, which became effective on January 1, 2008 and amended the Enterprise Income Tax Law of the PRC on December 29, 2018. On December 6, 2007, the State Council promulgated the Implementation Rules to the Enterprise Income Tax Law of the PRC, or the Implementation Rules, which also became effective on January 1, 2008 and amended the Implementation Rules to the Enterprise Income Tax Law of the PRC on April 23, 2019. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the Enterprise Income Tax Law of the PRC, or the Transition Preferential Policy Circular, which became effective simultaneously with the Enterprise Income Tax Law of the PRC. On October 17, 2017, the State Administration of Taxation promulgated the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non- resident Enterprises, which became effective on December 1, 2017 and amended Withholding at Source of Income Tax of Non- resident Enterprises on June 15, 2018. The Enterprise Income Tax Law of the PRC imposes a uniform enterprise income tax rate of 25 % on all domestic enterprises, including foreign- invested enterprises unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under previous tax laws and regulations. Moreover, under the Enterprise Income Tax Law of the PRC, enterprises organized under the laws of jurisdictions outside China with their " de facto management bodies " located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25 % on their worldwide income. The Implementation Rules define the term " de facto management body " as the management body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In addition, the Circular Related to Relevant Issues on the Identification of a Chinese holding Company Incorporated Overseas as a Residential Enterprise under the Criterion of De Facto Management Bodies Recognizing issued by the State Administration of Taxation on April 22, 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a " resident enterprise " with its " de facto management bodies " located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations function mainly in China; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) its major assets, accounting books, company seals and minutes and files of its board and shareholders' meetings are located or kept in China; and (iv) more than half of the enterprise' s directors or senior management with voting rights reside in China. Although the circular only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect the State Administration of Taxation' s general position on how the " de facto management body " test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by

PRC enterprises, individuals or foreigners. It is uncertain to us as to how it will be implemented and the respective tax base and the tax exposure cannot be determined reliably at this stage. In case we are required to pay the income tax on capital gains by the relevant PRC tax authorities, our financial conditions and results of operations could be adversely affected. Our ability to distribute dividends are to large extent based on the dividends paid to us by our operating entity in China, and its ability to distribute dividends may be limited by the PRC laws. As we are a holding company with all of business operations conducted in PRC by Helpson, which is our wholly- owned subsidiary, we depend on its dividend issuance to us to pay the dividends to our investors. According to the PRC Company Law and Foreign Investment Law, our PRC subsidiary, as a foreign- invested enterprise, or FIE, we may only pay dividends out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. In addition we are required to draw 10 % of its after- tax profits each year, if any, to fund a common reserve, which may stop drawing its after- tax profits if the aggregate balance of the common reserve has already accounted for over 50 % of its registered capital. The reserve funds are not distributable as cash dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Our ability to distribute dividends may be restricted because of the above- mentioned regulations. We may even cannot distribute dividends if we are suffering loss in certain fiscal year **in the future. As of the date of this annual report, Helpson plans to retain all the revenues and re-invest them into Helpson' s daily operation. Therefore, the Company does not intend to have any dividend distribution** in the future. Dividends payable by us to our foreign investors and gain on the sale of our shares may become subject to taxes under PRC tax laws. Under the new EIT law and its implementation rules, to the extent that we are considered a " resident enterprise " which is " domiciled " in China, PRC income tax at the rate of 10 % is applicable to dividends payable by us to investors that are " non- resident enterprises " so long as such " non- resident enterprise " investors do not have an establishment or place of business in China or, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Similarly, any gain realized on the transfer of our shares by such investors is also subject to a 10 % PRC income tax if such gain is regarded as income derived from sources within China and we are considered a " resident enterprise " which is domiciled in China for tax purposes. Additionally, there is a possibility that the relevant PRC tax authorities may take the view that our purpose is that of a holding company, and the capital gain derived by our overseas stockholders would be deemed China- sourced income, in which case such capital gain may be subject to PRC withholding tax at the rate of up to 10 %. If we are required under the new EIT law to withhold PRC income tax on our dividends payable to our foreign stockholders who are " non- resident enterprises ", or if you are required to pay PRC income tax on the transfer of our shares under the circumstances mentioned above, the value of your investment in our shares may be materially and adversely affected. We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non- PRC holding companies. On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non- Tax Resident Enterprises, or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 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 foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets, as such persons need to determine whether their transactions are subject to these rules and whether any withholding obligation applies. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non- resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non- resident enterprise income tax. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an " Indirect Transfer ", the non- resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. 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 pays 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. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes. We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Bulletin 7 and / or SAT Bulletin 37. For transfer of shares in our company by investors who are non- PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and / or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and / or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations. **Risks Related to our Common Stock** We may be held in default on our convertible note, which could trigger penalties that worsen our financial condition and potentially disqualify us from listing on the stock exchange where we are currently listed. On November 17, 2021, we entered into a Securities Purchase Agreement pursuant to which we issued an unsecured convertible promissory note (the " Convertible Note ") to an institutional accredited investor Streeterville Capital, LLC (" Streeterville "). The Convertible Note **,** ~~was~~ **as amended, is** due on ~~February 17~~ **May 19** , ~~2023~~ **2024** . The parties **may** ~~are in negotiation~~ **negotiate** in extending the Convertible Note. There can be no assurances that these negotiations will **proceed or** be successful. The Convertible Note has a principal balance of $ ~~3~~ **1** , ~~800~~ **423** , ~~000 at~~ **474. 27 as of** December 31, ~~2022~~ **2023** . Although no

event of default has occurred as of the date herein, pursuant to the terms of the Convertible Note **and its amendment dated April 13, 2023** , upon our failure to pay back the Convertible Note upon due, Streeterville can, at its sole discretion, send us a notice which turns this into an Event of Default (" Event of Default "), which would give us 10 days to cure. As of the date herein, Streeterville has not sent such a notice and therefore no Event of Default has occurred. If an Event of Default occurs and is not cured within the 10- day notice period, pursuant to the terms of the Convertible Note Streeterville can impose additional interest payments and other penalties upon us. Such penalties, as well as other similar penalties that could be imposed upon us as a result of our ongoing negotiations to extend the Convertible Note, if and when imposed by Streeterville, could worsen our financial conditions by consuming or tying up our cash reserve, cash flow, and assets, as well as dilute our existing shareholders if Streeterville initiates conversion of some or part of the Convertible Note into our equity securities. Thus, such penalties could generally and negatively impact the operation of our business and the public trading price of our common stock. Particularly, it could cause the values of our shareholder' s equity and market capitalization to decline further. As a result of such decline, we may become unable to satisfy the continuous listing standards of the stock exchange where we are currently listed, which would further negatively impact the operation of our business and the public trading price of our common stock. The market price for our common stock may be volatile which could result in a complete loss of your investment. The market price for our common stock is highly volatile and subject to wide fluctuations in response to factors including the following: ● actual or anticipated fluctuations in our quarterly operating results; ● announcements of new products by us or our competitors; ● changes in financial estimates by securities analysts; ● conditions in the pharmaceutical market; ● changes in the economic performance or market valuations of other companies involved in pharmaceutical production; ● announcements by our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments; ● economic, regulatory and political developments; ● addition or departure of key personnel, or ● potential litigation. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. We may issue additional shares of our capital stock to raise additional cash for working capital; if we issue additional shares of our capital stock, our stockholders will experience dilution in their respective percentage ownership in the company. We may issue additional shares of our capital stock to raise additional cash for working capital. There is no anti- dilution protection or preemptive rights in connection with our common stock. Thus, the percentage ownership of existing holders of common stock may be diluted in their respective percentage ownership in us if we issue additional shares of our capital ~~stock. A large portion of our common stock is controlled by a small number of stockholders and as a result, these stockholders are able to influence and ultimately control the outcome of stockholder votes on various matters. A large portion of our common stock is held by a small number of stockholders. For instance, Zhilin Li, our Chief Executive Officer, holds 16. 31 %, and Heung Mei Tsui, a member of our Board of Directors, holds 11. 00 % of our common stock, respectively, as of the date hereof. As a result, these two stockholders are able to significantly influence the outcome of stockholder votes on various matters, including the election of directors and other corporate transactions including business combinations. In addition, the occurrence of sales of a large number of shares of our common stock, or the perception that these sales could occur, may affect our stock price and could impair our ability to obtain capital through an offering of equity securities. Furthermore, the current ratios of ownership of our common stock reduce the public float and liquidity of our common stock which can in turn affect the market price of our common~~ stock. We are likely to remain subject to " penny stock " regulations and as a consequence there are additional sales practice requirements and additional warnings issued by the SEC. If at any time we have net tangible assets of $ 5, 000, 000 or less and the trading price of our common stock is below $ 5. 00 per share, the open- market trading of our common stock will be subject to the " penny stock " rules of the SEC. The " penny stock " rules impose additional sales practice requirements on broker- dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of $ 1, 000, 000 or annual income exceeding $ 200, 000 or $ 300, 000 together with their spouse). For transactions covered by these rules, the broker- dealer must make a special suitability determination for the purchase of securities and have received the purchaser' s written consent to the transaction before the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the broker- dealer must deliver, before the transaction, a disclosure schedule prescribed by the SEC relating to the penny stock market. The broker- dealer also must disclose the commissions payable to both the broker- dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. These additional burdens imposed on broker- dealers may restrict the ability of broker- dealers to sell the common stock and may affect a stockholder' s ability to resell the common stock. There can be no assurance that our common stock will qualify for exemption from the " penny stock " rules. In any event, even if our common stock is exempt from such rules, we would remain subject to Section 15 (b) (6) of the Exchange Act, which gives the SEC the authority to restrict any person from participating in a distribution of a " penny stock " if the SEC finds that such a restriction would be in the public interest. Stockholders should be aware that, according to SEC Release No. 34- 29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker- dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) boiler room practices involving high- pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid- ask differential and markups by selling broker- dealers; and (v) the wholesale dumping of the same securities by promoters and broker- dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. We are responsible for the indemnification of our officers and directors under certain circumstances which could result in substantial expenditures, which we may be unable to recoup. Our bylaws provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against attorney' s fees

and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on behalf of us. This indemnification policy could result in substantial expenditures, which we may be unable to recoup. We have identified material weaknesses in our internal control over financial reporting, which could affect our ability to ensure timely and reliable financial reports, affect the ability of our auditors to attest to the effectiveness of our internal controls should we become an accelerated filer in the future, and weaken investors' confidence in our financial reporting. As directed by Section 404 of the Sarbanes- Oxley Act of 2002, the SEC adopted rules requiring public companies in their annual reports to include a report of management on the reporting company' s disclosure controls and procedures and internal controls over financial reporting. We became subject to this requirement commencing with our fiscal year ended December 31, 2007 and a report of our management is included under Item 9A. " Controls and Procedures " of this Annual Report on Form 10- K. As set forth in such report, our management has concluded that our internal controls over financial reporting were not effective as of December 31, ~~2022~~ **2023** , and there existed a material weakness in our internal control over financial reporting as of December 31, ~~2022~~ **2023** . We are taking appropriate actions to internally training related personnel, such as Chief Financial Officer, to remediate such material weakness; however, such measures may not be sufficient to address the material weaknesses identified or ensure that our controls and procedures are effective. We may also discover other material weaknesses in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in the implementation of such controls, could cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements and affect the ability of our auditors to attest to the effectiveness of our internal control over financing reporting to the extent we become an accelerated filer in the future. In addition, substantial costs and resources may be required to rectify any internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our common stock could decline significantly, and our business and financial condition could be adversely affected. There is substantial doubt about our ability to continue as a going concern. Our auditors have indicated in their report on our financial statements for the years ended December 31, **2023 and** 2022 ~~and 2021~~ that conditions exist that raise substantial doubt about our ability to continue as a going concern as discussed in Note 1 to the financial statements. The Company incurred recurring losses from operations, has net current liabilities and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. To alleviate the conditions that raise substantial doubt about the Company' s ability to continue as a going concern, management plans to enhance the sales model of advance payment, and further strengthen its collection of accounts receivable. Further, the Company is currently exploring strategic alternatives to accelerate the launch of comprehensive healthcare products. In addition, management believes that the Company' s existing fixed assets can serve as collateral to support additional bank loans. While the current plans will allow the Company to fund its operations in the next twelve months, there can be no assurance that the Company will be able to achieve its future strategic alternatives raising substantial doubt about its ability to continue as a going concern. If we are unable to generate enough cash or obtain additional sufficient funding, we would need to scale back or eliminate our business plan, reduce our operating costs and headcount, or discontinue or curtail our operations. Accordingly, our business, prospects, financial condition and results of operations could be materially and adversely affected, and we may be unable to continue as a going concern. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our audited consolidated financial statements, and it is likely that investors will lose all or a part of their investment. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. We do not anticipate paying cash dividends on our common stock. You should not rely on an investment in our common stock to provide dividend income, as we have not paid any cash dividends on our common stock and do not plan to pay any in the foreseeable future. Accordingly, investors must rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies. Historically, the SEC has taken the position that Rule 144 under the Securities Act, as amended, is not available for the resale of securities initially issued by companies that are, or previously were, blank check companies like us, to their promoters or affiliates despite technical compliance with the requirements of Rule 144. The SEC has codified and expanded this position in its amendments effective on February 15, 2008 and applies it to securities acquired both before and after that date by prohibiting the use of Rule 144 for resale of securities issued by shell companies (other than business transaction related shell companies) or issuers that have been at any time previously a shell company. The SEC has provided an important exception to this prohibition, however, if the following conditions are met: the issuer of the securities that was formerly a shell company has ceased to be a shell company; the issuer of the securities is subject to the reporting requirements of Section 13 or 15 (d) of the Exchange Act; the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8- K reports; and at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company. As such, due to the fact that we had been a shell company prior to October 2005, holders of " restricted securities " within the meaning of Rule 144, when reselling their shares pursuant to Rule 144, shall be subject to the conditions set forth herein. ~~43~~