

Risk Factors Comparison 2025-04-11 to 2024-03-27 Form: 10-K

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Investing in our securities involves significant risks and uncertainties. You should carefully consider all of the information in this annual report before making an investment in our securities. Below please find a summary of the principal risks we face, organized under relevant headings. These risks are discussed more fully in the section titled “ Risk Factors. ”

Risks Relating to our Business

- Our operating history may not serve as an adequate basis to judge our future prospects and results of operations.
- Dongfang Paper and Baoding Shengde’ s failure to compete effectively may adversely affect our ability to generate revenue.
- We may not be able to effectively control and manage our growth.
- We, through our subsidiaries, may engage in future acquisitions that could dilute the ownership interests of our stockholders and cause us to incur debt and assume contingent liabilities.
- We are responsible for the indemnification of our officers and directors.
- We are dependent on certain key personnel and loss of these key personnel could have a material adverse effect on our business, financial condition and results of operations.
- We may not be able to hire and retain qualified personnel to support our growth and if we are unable to retain or hire these personnel in the future, our ability to improve our products and implement our business objectives could be adversely affected.
- Our operating results may fluctuate as a result of factors beyond our control.
- We face risks related to product liability claims.
- Our operating results also depend on the availability and pricing of energy and raw materials.
- A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales, and / or negatively affect our net income.
- Our certificates, permits, and licenses related to our papermaking operations are subject to governmental control and renewal and failure to obtain renewal will cause all or part of our operations to be terminated.
- Compliance with environmental regulations is expensive, and noncompliance may result in adverse publicity and potentially significant monetary damages and fines or suspension of our business operations.
- If we are unable to respond to pricing pressures, our business may be harmed.
- If we fail to introduce enhancements to our existing products or to develop new products, our business and results of operations could be adversely affected.
- We have limited insurance coverage and may incur losses resulting from product liability claims or business interruptions.
- Our failure to protect our intellectual property rights may undermine our competitive position, and external infringements of our intellectual property rights may adversely affect our business.
- We may be subject to intellectual property infringement claims or other allegations, which may materially and adversely affect our business, financial condition and prospects.

Risks Related To Doing Business in the PRC

- The PRC government has significant oversight and discretion over the conduct of a PRC company’ s business operations or to exert control over any offering of securities conducted overseas and / or foreign investment in China- based issuers, and may intervene with or influence our operations, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless, as the government deems appropriate to further regulatory, political and societal goals.
- The CSRC has released the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies (the “ Trial Measures ”). While such rules have become into effect, the Chinese government may exert more oversight and control over offerings that are conducted overseas and foreign investment in China- based issuers, which could significantly limit or completely hinder our ability to continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.
- Recent greater oversight by the Cyberspace Administration of China, or the “ CAC, ” over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact the business of us, the consolidated VIE and its subsidiary and investing in our securities.
- The occurrence of security breaches and cyber- attacks could negatively impact our business.
- Our business may be subject to a variety of PRC laws and other obligations regarding cybersecurity and data protection.
- Changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in the PRC and the profitability of such business.
- The PRC laws and regulations governing our current business operations are sometimes vague and uncertain. Any changes in such PRC laws and regulations may harm our business.
- A slowdown, inflation or other adverse developments in the PRC economy may harm our customers and the demand for our services and products.
- Our PRC Subsidiaries, consolidated VIE and its subsidiary in China are subject to restrictions on making dividends and other payments to us or any other affiliated company.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC Subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.
- Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of investors’ investment.
- 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 making 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.
- The fluctuation of the Renminbi may harm your investment.
- Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may materially adversely affect us.
- While the approval and / or other requirements of the CSRC or other PRC governmental authorities are currently not required, they may be required, in connection with our oversea listing under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval.
- The M & A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.
- The PRC’ s legal and judicial system may not adequately protect our business and operations and the rights of foreign investors.
- Because our principal assets are located outside of the United States and most of our directors and officers reside outside of the

United States, it may be difficult for you to effect service of legal process, enforce your rights based on U. S. federal securities laws against us and our officers or to enforce U. S. court judgment against us or them in the PRC. ● It may be difficult for overseas regulators to conduct investigation or collect evidence within China. ● We may be required to broaden the coverage of the mandatory social security insurance programs under the Labor Law of the PRC. ● The current tensions in international trade and rising political tensions, particularly between U. S. and China, may adversely impact our business, financial condition, and results of operations. Risks Related to Our Corporate Structure ● Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law. ● Any failure by our consolidated VIE or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business. ● In order to comply with PRC regulatory requirements, we operate our businesses through companies with which we have contractual relationships but in which we do not have controlling ownership. ● Because we rely on the consulting services agreement with Dongfang Paper for essentially all of our revenue and cash flows, any difficulty for Dongfang Paper to pay consulting fees to Baoding Shengde under the consulting agreement may have a material adverse effect on our operations. ● If the PRC government determines that the contractual agreements constituting part of our VIE structure do not comply with applicable PRC regulations, or if these regulations change or are interpreted differently in the future, we may be unable to assert our contractual rights over the assets of the VIE, and our common stock may decline in value. ● The contractual arrangements under a VIE Structure may not be as effective as direct ownership in respect of our relationship with the VIE, and thus, we may incur substantial costs to enforce the terms of the arrangements, which we may not be able to enforce at all. ● The shareholders of Dongfang Paper may have actual or potential conflicts of interests with us, which may adversely affect our business. ● We may lose the ability to use and enjoy assets held by the VIE that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding. ● Our arrangements with Dongfang Paper and its shareholders may be subject to a transfer pricing adjustment by the PRC tax authorities which could have an adverse effect on our income and expenses. ● We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the VIE, which could severely disrupt our business, render us unable to conduct some of our business operations and constrain our growth. ● The exercise of our option to purchase part or all of the equity interests in Dongfang Paper under the Call Option Agreement might be subject to approval by the PRC government. Our failure to obtain this approval may impair our ability to substantially control Dongfang Paper and could result in actions by Dongfang Paper that conflict with our interests. Risks Related to Our Common Stock ● Our common stock may be delisted from the NYSE American under the Holding Foreign Companies Accountable Act if the PCAOB is unable to adequately inspect audit documentation located in China. The delisting of our common stock, or the threat of their being delisted, may materially and adversely affect the value of your investment. ● If we fail to comply with Section 404 of the Sarbanes- Oxley Act of 2002 in a timely manner, our business could be harmed and our stock price could decline. ● If we become directly subject to the scrutiny involving U. S. listed Chinese companies, we may have to expend significant resources to investigate and / or defend the matter, which could harm our business operations, stock price and reputation. ● Our officers and directors control us through their positions and stock ownership and their interests may differ from other stockholders. ● We may not continue to pay cash dividends and any return on investment may be limited to the value of our common stock. ● Our common stock may be affected by limited trading volume and may fluctuate significantly. ● Future financings may dilute stockholders or impair our financial condition. Our Business We, through our PRC Subsidiaries and VIE, engage in production and distribution of three categories of paper products: corrugating medium paper, offset printing paper, tissue paper products and medical face masks in China. Our principal executive offices are located at Science Park, Juli Road, Xushui District, Baoding City, Hebei Province, People’ s Republic of China. Our telephone number is (86) 312- 869- 8215. Our website is located at <https://www.itpackaging.cn>. Manufacturing Process Corrugating Medium Paper and Offset Printing Paper Our current products (excluding tissue paper products) generally undergo two stages of manufacturing: (1) creating pulp from recycled paper products, and (2) treating the pulp and molding it into the desired types of paper products. A brief overview of the pulp and papermaking process is provided below. Pulping The recycled waste paper is first sorted by machine, and then broken down and beaten or smashed into small pieces using water and mechanical energy. It is then put through a course screening drum, followed by a fine screening drum to separate different grades of pulp, a process that we refer as “ concentration ”. In order to purify the pulp further, an approach flow system is used to filter out any impurities or inconsistencies, such as sand, in the pulp. Paper Making The pulp is sieved to remove the excess water and molded into a specific size. The moisture content is further reduced by applying hydraulic pressure to the pulp. The pulp then enters the drying section where it is rolled over by heated cylinders. The dried paper is then coated with a mixture of clay, white pigment and binder to produce a surface on which ink can sit without being fully absorbed, enabling crisper, and more consistent print quality. The paper goes through a process called calendaring, which flattens and smoothens the paper into long sheets. The paper is then wound onto a reel that is mounted in a roll- slitting machine for rewinding, during which cutters are used to cut the paper into the desired widths. Upon completion, the rolls are fitted with sleeves and labeled, and then sent to quality control before shipment or storage. Base Tissue Paper While we make tissue paper products, we currently purchase paper pulp from suppliers and use it to manufacture base tissue paper directly. Products Corrugating medium paper Corrugating medium paper, or CMP is used in the manufacturing of cardboard. Since the launch of our new Paper Machine (“ PM6 ”) production line in December 2011, corrugating medium paper has become a major product of the Company. For the year ended December 31, 2023-2024, corrugating medium paper comprised approximately 100.97-06% of our total paper production quantities and roughly 94.99. 47-82% of our total revenue. Raw materials used in the production of corrugating medium paper include recycled paper board (or Old Corrugating Cardboard or “ OCC, ” as it is commonly referred to in the United States) and certain supplementary agents. In January 2013, we suspended the operation of our PM1 production line for renovation, which was then used to produce corrugating medium paper. In May 2014, we launched the commercial production of a renovated PM1 production line. The renovated PM1 production line produces light- weight corrugating medium paper with a specification of 40

to 80 grams per square meter (“g / s / m”). PM1’s light- weight corrugating medium paper products have a wide range of commercial applications. For example, they can be used as a construction material for wall and floor insulation or to manufacture moisture- proof packaging materials for the transportation of books and magazines by the publishing industry. It can also be used as corrugating medium to make corrugating cardboard for packaging that requires light- weight boxes. The manufacturing process of light- weight corrugating medium paper is similar to that of the regular corrugating medium paper and also uses recycled paper boards as a major source of raw material. We now have two corrugating medium paper production lines, PM6 and PM1. We refer to products produced from the PM6 production line as Regular CMP and products produced from the PM1 production line as Light- Weight CMP. Offset printing paper Offset printing paper is used for offset printing in the publishing industry. **Revenue from Production of** offset printing paper was **suspended during** \$ 3, 215, 190 with 5, 573 tonnes **sold for** the year ended December 31, **2023-2024**. Raw materials used in making offset printing paper include recycled white scrap paper, fluorescent whitening agent and sizing agent. We currently have two production lines, PM2 and PM3, for the production of offset printing paper. Tissue Paper Products We began the commercial production of tissue paper products in Wei County Industry Park in June 2015. We process base tissue paper purchased from long- term cooperative third party and produce finished tissue paper products, including toilet paper, boxed and soft- packed tissues, handkerchief tissues and paper napkins, as well as bathroom and kitchen paper towels that are marketed and sold under the Dongfang Paper brand. In December 2018 and November 2019, we completed the construction, installation and test of operation of PM8 and PM9, respectively, and commercially launched tissue paper production of PM8 and PM9 at such time. On May 5, 2020, **we the Company** announced **it we** planned the commercial launch of a new tissue paper production line PM10 and **we the Company** entered into an agreement to purchase paper machine with paper machine supplier. **We The Company** expected the new tissue paper production line to be launched after the completion of trial run. The machine supplier was delayed because **of pandemic the supplier extended the production schedule**. We are closely following up the provider for further actions. Tissue paper products comprised **approximately 0. 52 % of our total paper production was suspended during quantities and approximately 1. 51 % of our total sales revenue for** the year ended December 31, **2023-2024**. Face Masks On April 29, 2020, we launched a production line of non- medical single- use face masks, following the completion of raw materials preparation, trial run of the equipment and the sample products inspection. In May 2021, the Company obtained the license for its new single- use surgical masks from local food and drug administration in Hebei province, and began commercial production in November 2021. **Face mask production was suspended during the year ended December 31, 2024.** Market for our Products The PRC Paper Making Industry According to the **2022-2023** China Paper Industry Annual Report, issued by the China Paper Association, there were approximately 2, 500 paper and paper board manufacturers in China, with a total output of **129. 65 million tonnes, up by 4. 35 % from** 124. 25 million tonnes, **up by 2. 64 % from 121. 05 million tonnes in 2021-2022**. Total domestic consumption was **131. 65 million tonnes in 2023, up by 6. 14 % from** 124. 03 million tonnes in 2022, **down by 1. 94 % from 126. 48 million tonnes in 2021**. The output of paper and paper board maintained an average growth rate of approximately 2. **32-40 %** during the ten- year period from **2013-2014 to 2022-2023**, while consumption increased at an average annual rate of **2-3. 67-02 %**. The growth is expected to continue. It is estimated that China currently has the largest paper and paper board products output and consumption in the world. (Data source: **2022-2023** Annual Report of China Paper Manufacturing, May **2023-2024**, China Paper Association) Unit: Million tons Data source: **2023 2022 Annual** ---- **Annual** Report of China’s Paper Industry, May **2023 2024**, China Paper Association Corrugating medium paper production in China totaled **27-29. 70-15** million tonnes in **2022-2023**, a **3-5. 17-23 %** increase from **2021-2022**. Consumption of corrugating medium paper in China amounted to **30-32. 10-72** million tonnes in **2022-2023**, an increase of **1-8. 11-70 %** as compared to **2021-2022**. Uncoated offset printing paper production in China totaled **17-18. 35-05** million tonnes in **2022-2023**, a **0-4. 87-03 %** increase from **2021-2022**. Consumption of uncoated offset printing paper in China amounted to **16-17. 78-11** million tonnes in **2022-2023**, **a decrease-increase of 6-1. 41-97 %** as compared to **2021-2022**. The paper making industry in China is concentrated in the east coast provinces. The largest paper production capacities by province for **2023 and 2022 and 2021** (the most recent year for which relevant information is available) are summarized in the table below. The three provinces with largest capacities showed moderate decreases in paper production capacities. **2023 Capacity 2022 Capacity 2021-Capacity % Province (10k tonnes) (10k tonnes) Change Shandong 2, 150 2, 015 6. 70 Guangdong 2, 113 035 (0. 98) Guangdong-1, 969 71, 970 (0. 31 05) Jiangsu 1, 417 1, 373 3. 1, 415 (2. 20 97) Zhejiang 1, 213 1, 193 1, 050 13. 62-68 Fujian 869 821 5. 845- 85 Henan 706 715 (2-1. 84-26) Henan 715-672 6 Guangxi 660 559 18. 40-07 Hubei 645 592 8 570 3. 95 86 Guangxi 559 423 65. 88 Chongqing 408 423 (3. 55) Hebei 432 378 14. 29 Chongqing 351 408 (7-13. 35-97) Data Sources: **2022-2023** Annual Report of China’s Paper Industry, May **2023-2024**, China Paper Association Customers We generally sell our corrugating medium paper to companies making corrugating cardboards and offset printing paper to printing companies. Our largest customer is a packaging company in Hebei Province. Our total corrugating medium and offset printing paper revenue in **2023-2024** was primarily derived from customers in Hebei Province and Shandong Province. For the year ended December 31, **2023-2024**, **five-10** major customers who individually accounted for more than 5 % of our total sales revenue are as follows: **2023-2024** Sales Amount (USD \$, net of % of applicable Total VAT) Revenue Company A (Hebei) **6-5. 387-872, 786-762 7. 38-74 %** Company B (**Shandong-Hebei**) **6-5, 167-630, 272-649 7. 13-42 %** Company C (**Hebei-Shandong**) **6-5, 097-617, 717-724 7. 05-41 %** Company D (**Shandong-Tianjin**) **6-5, 085-562, 824-521 7. 03-33 %** Company E (Tianjin) **6-5, 006-561, 284 7. 33 %** Company F (Hebei) **4, 204, 968 5. 54 %** Company G (Hebei) **4, 141, 651 5. 46 %** Company H (Hebei) **4, 003, 315 5. 28 %** Company I (Hebei) **3, 826, 432 5. 05 %** Company J (Hebei) **3, 815, 617 5. 103- 03 6. 94 %** Total Major Customers **30-48, 744-236, 703-35-923 63. 53-59 %** **Eight All** of our top- ten customers of **2023-2024** are also in the top- ten customer list in **2022-2023**, **representing 85. 66 % of the 2022 top- ten customer sales**. Target Market We target corporate customers in the middle range of the marketplace, where, with solid quality and competitive pricing, we see potential for high volume growth for corrugating medium paper and offset printing paper. Our primary market has been the region of North China, especially in the province of Hebei. Our Production Lines During the year**

ended December 31, ~~2023~~ **2024**, we had six PM production lines in operation and are in the process of launching one more that is designated as PM7. These production lines include the followings: Paper Product Designed Capacity **Status as of December 31,** PM # Produced (tonnes / year) Owned by Operated by **Status as of December 31, 2023-2024** PM1 Corrugating Medium Paper 60, 000 Dongfang Paper Dongfang Paper In production PM2 Offset Printing Paper 50, 000 Dongfang Paper Dongfang Paper **In production-Suspended during 2024** PM3 Offset Printing Paper 40, 000 Dongfang Paper Dongfang Paper **In production-Suspended during 2024** PM4 Digital Photo Paper * * Baoding Shengde Baoding Shengde Suspended in June 2016 due to low market demand PM5 Digital Photo Paper * * Baoding Shengde Baoding Shengde Suspended in June 2016 due to low market demand PM6 Corrugating Medium Paper 360, 000 Baoding Shengde Dongfang Paper * * * In production PM7 * Specialty paper 10, 000 Dongfang Paper Dongfang Paper In renovation PM8 Tissue paper 15, 000 Dongfang Paper Dongfang Paper **In production-Suspended during 2024** PM9 Tissue paper 15, 000 Dongfang Paper Dongfang Paper **In production-Suspended during 2024** PM10 Tissue paper 20, 000 Dongfang Paper Dongfang Paper In construction *: Paper machines under renovation, under construction, or in the planning stage. * * *: PM6 is funded and owned by Baoding Shengde; ancillary facilities that support the PM6 operation are built and owned by Dongfang Paper. On December 31, 2009, we acquired a digital photo paper production line, including two coating lines that are designated as PM4 and PM5 and ancillary equipment, for a total purchase price of approximately \$ 13. 6 million. We suspended production of photo paper in June 2016. In order to meet the growing domestic demand for paper, which we believe currently exceeds domestic supply in the case of corrugating medium paper, especially in the region of North China, we installed a corrugating medium paper production line (PM6) with a designed capacity of 360, 000 tonnes per year. We completed the installation of the PM6 production line in November 2011 and began commercial production in December 2011. We have implemented a plan to renovate one of the old production lines (**PM7**) that has been idle since the end of 2007. We previously made paper with anti- counterfeit features from that production line. When the renovation is completed, we intend to use the renovated production line to produce high- profit margin specialty papers. On November 27, 2012, we signed a 15- year lease relating to approximately 49. 4 acres of land in the Economic Development Zone in Wei County, Hebei Province, China for the purpose of developing a new tissue paper production plant. We planned to build two tissue paper production lines, each with 15, 000 tonnes / year capacity, and other packaging facilities and infrastructures on the leased land. In December 2012, we signed a contract with an equipment contractor in Shanghai to build PM8, the first of our two tissue paper production lines in Wei County. In December 2018 and November 2019, we completed the construction, installation and test of operation of PM8 and PM9, respectively and commercially launched tissue paper productions of PM8 and PM9 at such time. On May 5, 2020, the Company announced it planned the commercial launch of a new tissue paper production line PM10 and the Company signed an agreement to purchase paper machine with paper machine supplier. ~~We The Company~~ expected the new tissue paper production line to be launched after the completion of trial run. We voluntarily renovated our 150, 000 tonnes / year corrugating medium paper PM1 in anticipation of increased regulatory concerns on energy efficiencies as well as to improve the quality of our corrugating medium products. Rather than converting PM1 to a regular corrugating medium paper machine, we decided in 2013 that, based on the market conditions and our waste water treatment capability, the better option was to convert PM1 to produce Light- Weight CMP with a specification of 40 to 80 grams per square meter (“ g / s / m ”) with a designed capacity of 60, 000 tonnes / year. We started the renovation in January 2013 and launched commercial production of the renovated PM1 production line in May 2014. Raw Materials and Principal Suppliers The supplies used in our production processes are comprised mainly of recycled paper board and unprinted recycled white scrap paper, both of which are ready- to- use items and available from multiple domestic and foreign sources. We currently purchase all of our recycled paper supplies from some domestic recycling stations and do not rely on imported recycled paper. We also purchase gas and chemical agents from nearby suppliers. Ongoing inflationary pressures and higher demand for recycled paper could lead to an increase in our costs of raw materials and production, which we may or may not be able to pass to our customers. We sign annual raw materials supplier contracts with our suppliers. Although we have contracts with our suppliers, these contracts do not lock- in the purchase price of our raw materials or provide hedge against the fluctuation in the market price of these raw materials. For the year ended December 31, ~~2023~~ **2024**, we had two large suppliers which accounted for approximately ~~72-73~~ % and 17 % of our total purchases, respectively. For the year ended December 31, ~~2023~~ **2024**, three major suppliers who individually accounted for more than 5 % of our total purchase are as follows: ~~2023-2024~~ Purchase % of Amount Total (USD \$) Purchase Company A (Hebei) ~~56-47~~, ~~159-049~~, ~~754-72-870-73~~ % Company B (Hebei) ~~13-11~~, ~~631-201~~, ~~622-353~~ 17 % Company C (Hebei) ~~5-4~~, ~~034-691~~, ~~368-6-261-7~~ % Total Major Suppliers ~~64-62~~, ~~825-942~~, ~~744-95-484-97~~ % Competition Dongfang Paper’s main competitors are: Chenming Paper Group Limited, Huatai Group Limited, Nine Dragons Paper (Holdings) Limited and Sun Paper Group Limited. A number of our competitors are public entities with larger capacities, broader customer bases and greater financial resources than those available to us. The businesses of our primary competitors are briefly described below: Chenming Paper Group, Ltd. (“ Chenming ”), based in Shandong Province (located in northeast China), produces primarily news print paper and art paper (high quality, heavy and two- side coated printing paper). Chenming is believed to be the first company to have listed on all three stock exchanges in China: Renminbi A- shares and foreign currency B- shares in Shenzhen, the smaller of the mainland’s two stock exchanges, and H- shares in Hong Kong. Chenming has annual production capacity of 8. 5 million tonnes for its coated wood- free paper product and is believed to rank among the top 500 enterprises in China. Huatai Group, Ltd. (“ Huatai ”), based in Shandong Province (located in the northern part of the eastern coastal region of China), primarily produces newsprint, fine paper, special printing paper, coated board and tissue paper. Huatai is the first Shandong papermaker to publicly list its stock and has become a famous brand in China. Its annual paper production is estimated to have reached 4 million tonnes. Nine Dragons Paper (Holdings) Limited (“ ND Paper ”), based in Guangdong Province (located in southern China), is the largest paper manufacturer in China and primarily produces craft paper and high- strength corrugating medium paper with annual capacity of 13 million tonnes. ND Paper has reported that it has five production lines in the city of Tianjin with a total designed capacity of 2. 15 million tonnes, producing products such as craft paper, high

strength corrugating medium paper and grey- back duplex board. Sun Paper Group, Ltd., based in Shandong Province, primarily produces card paper, whiteboard paper and art paper. It also produces alkaline peroxide mechanical pulp, sourced in part from wood chips harvested by the company's poplar plantations. This company has reported that it has an aggregate annual production capacity of paper and pulp of approximately 5.7 million tonnes and has been listed on the Shenzhen Stock Exchange since 2006. With the exceptions of Chenming and ND Paper, which may compete directly with us in the offset printing paper market and the corrugating medium paper market, respectively, in the Beijing / Tianjin / greater Hebei regions, we believe that we face only indirect competition from the above- listed companies, either because we have a different product assortment from these companies, or because, to the extent they do offer products similar to ours, the transportation costs and storage costs make it difficult for these companies to compete effectively with us on pricing. Our Competitive Edge Regional advantage (Northern China). We believe that Dongfang Paper is one of the leading papermaking enterprises in Hebei Province. Our proximity to large urban centers in northern China, Beijing and Tianjin, gives us access to a large market to sell our products. There are other paper manufacturers that are also located in Hebei Province (and close to metropolitan Beijing and Tianjin areas), but most of these other manufacturers are small in scale and unable to compete with us effectively. We also compete with other large printing paper manufacturers for Beijing printing company customers. We believe that we have cost and geographical advantages over these larger competitors. Cost advantage. Unlike some of our out- of- province competitors who must set up interim warehouses and ship products from their production base to such interim warehouses close to their customer base in Beijing, there is no need for us to set up interim warehouses, because we are approximately 60 miles (100 kilometers) from Beijing, the cultural center of China and our largest target market. While we do not separately pay for transportation cost on raw material purchases, the transportation cost included in the raw material purchase prices from our recycled paper suppliers is lower than the transportation cost paid by our competitors in the province of Shandong. Similarly, our customers pay lower transportation cost to pick up their orders from our finished goods warehouse in Baoding than what they would pay if they had to pick up goods from locations further away from Beijing. Tianjin, another large urban center, is also approximately 60 miles from our facilities. Baoding city itself is also home to numerous printing and packaging companies. Our geographical advantage and easy access to low- cost raw materials allow us to implement a more flexible inventory purchase policy, lower our purchase prices and inventory management expenses and reduce our production cost. As such, we have lower freight costs and other associated costs of sales, which enable us to charge lower prices, if necessary, for our products. Additionally, because we buy all recycled paper raw materials from Beijing and Tianjin, rather than from the United States or Japan, our purchase lead time is shorter as compared to manufacturers who rely on imported recycled paper. Research and Development Our R & D activities are carried out by a task force led by a group of senior managers (in charge of product development and quality control) and by a group of selected engineers and technicians. The Company charged the time spent on the R & D projects (manufacturing waste discharge recycling, digital photo paper and tissue paper manufacturing) to R & D expenses. Our R & D efforts in 2023-2024 were focused on evaluating and developing new products that are in the pipeline for 2023-2024 and included developing and improving the manufacturing process of Light- Weight CMP and the production and packaging technology of tissue paper. One of our production lines, PM7, is under renovation. Since the fourth quarter of 2010, we have spent approximately \$ 1.57 million in machine parts and new components to renovate this production line, with which we expect to produce certain specialty papers, including wood- grain deco and furniture paper, wallpaper and paper with security features (for anti-counterfeiting purposes). While we are optimistic about the prospect of the specialty papers, we cannot guarantee the launch of the specialty paper production or the success of such renovation. Intellectual Property The Company has registered eight trademarks with the Trademark Bureau under the State of Administration for Industry & Commerce. Trademark Certificate No. Category Registrant Valid Term Shuangxing Fax paper, thermal paper, blueprint paper, sensitized paper, spectrum sensitized paper, blueprint cloth, photographic paper, cyanotype solution, diazo paper Dongfang Paper April-September 7, 2014-2015 through April-September 6, 2024-2025 Fangmenglai Toilet paper, handkerchief tissues, tissues, paper napkins, paper mats, beer mats, paper place mats, printing paper (including offset paper, newsprint, books paper, bond paper, plate paper and halftone paper), coated paper Dongfang Paper December 28, 2014 through December 27, 2024-2034 Fangqingxin Toilet paper, handkerchief tissues, tissues for makeup remover, paper napkin, tissues, paper duster cloth, paper face towels, paper table cloth, paper tablecloths, drawer liner (with or without flavor) Dongfang Paper December 28, 2014 through December 27, 2024-2034 Kaimeilai Xuan Paper (for traditional Chinese painting and calligraphy), Paper, tissue paper, watercolor paper, writing paper, printing publications, ink, painting brush, packaging plastic film, color box, photographic plate, heliographic paper Baoding Shengde July 28, 2017 through July 27, 2027 Lanmeier Paper table cover, paper pinafore, drawer lining (with flavor or not) Tengsheng Paper November 21, 2016 through November 20, 2026 Qingmu Tissue paper, paper handkerchief, paper napkin, facial paper, grained paper, cardboard, white board, container board, kraft liner, corrugated medium paper (board) Tengsheng Paper January 7, 2016 through January 6, 2026 Rongou Paper, tissue paper, paper handkerchief, paper napkin, facial paper, paper billboard, cleansing tissue, packaging paper or plastic bag (envelop, sachet), carton, paper box Tengsheng Paper July 14, 2017 through July 13, 2027 Weizun Coasters, paper table cover, paper costers, cleansing paper Tengsheng Paper February 28, 2016 through February 27, 2026 The Company has also been granted twelve new utility patent certificates on paper manufacturing related equipment issued by the State Intellectual Property Office, including equipment testing, screening and filtering, and mixing. Certificate No. Description Registrant Valid Term The utility model relates to a pulp mixing device Tengsheng Paper July 23, 2021 through July 23, 2031 The invention relates to a product processing and cutting device Tengsheng Paper July 23, 2021 through July 23, 2031 14357355 The utility model relates to a packaging equipment for pulp waste Tengsheng Paper October 8, 2021 through October 8, 2031 The utility model relates to a pulp crushing device Tengsheng Paper Sep. 24, 2021 through Sep. 24, 2031 14254625 The utility model relates to a pulp screening and separation device Tengsheng Paper Sep. 24, 2021 through Sep. 24, 2031 The utility model relates to a pulp raw material processing device Tengsheng Paper Sep. 24, 2021 through Sep. 24, 2031 14258926 The utility model relates to a forming tool for paper pulp

products Tengsheng Paper Sep. 24, 2021 through Sep. 24, 2031 14250092 The utility model relates to a material mixing device for paper processing Tengsheng Paper Sep. 24, 2021 through Sep. 24, 2031 The invention relates to a pulp concentration detecting device Tengsheng Paper June 22, 2021 through June 22, 2031 14051723 The utility model relates to a recycling device for edge material used in paper processing Tengsheng Paper August 27, 2021 through August 27, 2031 13893004 The utility model relates to a pulp filter dehydration device Tengsheng Paper August 6, 2020 through August 6, 2031 The utility model relates to a storage rack for raw material used in paper processing Tengsheng Paper August 6, 2020 through August 6, 2031 Domain names IT Tech Packaging has registered the internet domain name, <https://www.itpackaging.cn>. Government Regulation The testing, approval, manufacturing, labeling, advertising and marketing, post-approval safety reporting and export of our products are extensively regulated by governmental authorities in the PRC. We are also subject to various other regulations and permit requirements by the Chinese government. These regulations and their impact on our business are set forth in more details below. Environmental Regulation Our operations and facilities are subject to environmental laws and regulations stipulated by the national and the local environment protection bureaus in the PRC. Since the implementation of the State Council's "Decisions on Environmental Protection Issues" in 1996, the PRC paper industry has been subject to more rigorous environmental standards. Effective January 1, 2015, a new law promulgated by the National People's Congress of the People's Republic of China makes certain violations of the environmental laws a criminal offense. We believe that we are one of the few major paper manufacturers in Hebei Province that have obtained a Pollution Discharge Permit. We initially received the permit in September 1996 and, we have successfully renewed the permit each year by complying with applicable environmental requirements. On December 24, 2021, the Standing Committee of the National People's Congress issued Law of the People's Republic of China on the Prevention and Control of Noise Pollution (the "Prevention and Control of Noise Pollution Law"), which became effective on June 5, 2022. According to the Prevention and Control of Noise Pollution Law, entities subject to the pollutant discharge licensing management requirements shall not emit industrial noise without a pollutant discharge permit and shall prevent and control noise pollution according to the requirements of the pollutant discharge permit. The noise pollution has been included in the Pollution Discharge Permit, and we conduct quarterly test on the noise through qualified testing institutions to comply with the laws, which is required by laws. Waste Water Treatment Dongfang Paper uses a multi-level water recycling process. Waste water from the pulping process is fed into collection pools, where it is divided into two parts, water and recovered pulp fiber. The latter is returned to the pulping process. Chemical agents are added to the waste water, and the waste water is fed into a biogas reactor and filtering pools, producing purified water and depositing sludge. Most of the purified water is recycled to produce corrugating medium paper and the sludge is pumped into a sludge pool, condensed and dehydrated. We then use the sludge as a raw material in the manufacture of corrugating medium paper. We maintain computerized controls at our production facilities on a 24-hour basis to monitor compliance with environmental rules and regulations. We are not aware of any environmental investigations, prosecutions, disputes, claims or other environmental proceedings, nor have we been subject to any action by any environmental administration authorities of the PRC. To our knowledge, our operations meet or exceed the existing environmental requirements of the PRC. Human Capital Resources Employee Profiles As of December 31, 2023-2024, we have approximately 383 full time employees, all of whom were based in PRC. As of December 31, 2023-2024, approximately 24-19.3-6% of our current workforce is female and 75-80.7-4% male. These employees are organized into a labor union under the labor laws of the PRC and have collective bargain power against us. We generally maintain good relations with our employees and the labor union. Total Rewards Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals and create long-term value for our stockholders. We provide employees with compensation packages that include base salary and annual incentive bonuses. We also provide private insurance coverage for any workplace accident or injury for all the operators of paper milling machinery in the workshops. Health and Safety The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of flexible and convenient health and welfare programs, including benefits that support their physical and mental health by providing tools and resources to help them improve or maintain their health status; and that offer choice where possible so they can customize their benefits to meet their needs and the needs of their families. In response to the COVID-19 pandemic, we implemented significant operating environment changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. Talent A core tenet of our talent system is to both develop talent from within and supplement with external hires. This approach has yielded loyalty and commitment in our employee base which in turn grows our business, our products, and our customers, while adding new employees and external ideas supports a continuous improvement mindset and our goals of a diverse and inclusive workforce. Our human resources team uses internal and external resources to recruit highly skilled and talented workers in the PRC, and we encourage employee referrals for open positions. Available Information We are required to file annual, quarterly and current reports, proxy statements and other information with the U. S. Securities and Exchange Commission ("SEC"). The public may read and copy any materials that we file with the SEC. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers like our Company that file electronically with the SEC at <http://www.sec.gov>. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports (including exhibits) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are also available free of charge on our Internet site at <https://www.itpackaging.cn> as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC. Executive Officers For information regarding our executive officers as of March 27-April 11, 2024-2025, see Part III, Item 10, "Directors, Executive Officers and Corporate Governance." Item 1A. Risk Factors Our operating history may not serve as an adequate basis to judge

our future prospects and results of operations. Dongfang Paper commenced its current line of business operations in 1996 and received its initial Pollution Discharge Permit in September 1996, which must be renewed every year for Dongfang Paper to stay in business. Although we have never had problem renewing the Pollution Discharge Permit, we cannot guarantee automatic renewal every year. In addition, Baoding Shengde commenced its current line of business operations in 2009. Therefore, our operating history may not provide a more meaningful basis on which to evaluate its business. We cannot assure you that Dongfang Paper or Baoding Shengde will not incur net losses in the future. We expect that operating expenses of Dongfang Paper and Baoding Shengde will increase as they expand. Any significant failure to realize anticipated revenue growth could result in significant operating losses. We will continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including our potential failure to: • raise adequate capital for expansion and operations; • implement our business model and strategy and adapt and modify them as needed; • increase awareness of our brand name, protect our reputation and develop customer loyalty; • manage our expanding operations and service offerings, including the integration of any future acquisitions; • maintain adequate control of our expenses; or • anticipate and adapt to changing conditions in paper markets in which we operate as well as the impact of any changes in government regulations, mergers and acquisitions involving our competitors, technological developments and other significant competitive and market dynamics. If we are not successful in addressing any or all of these risks, our business may be materially and adversely affected. Dongfang Paper and Baoding Shengde's failure to compete effectively may adversely affect our ability to generate revenue. Through Dongfang Paper and Baoding Shengde, we compete in a highly developed market with companies that have significantly greater experience and history in our industry. If we do not compete effectively, we could lose market share and experience reduced selling prices, adversely affecting our financial results. Our competitors will expand in the key markets and implement new technologies making them more competitive. There is also the possibility that competitors will be able to offer additional products, services, lower prices, or other incentives that we cannot or will not offer or that will make our products less profitable. We cannot assure you that we will be able to compete effectively with current or future competitors or that the competitive pressures we face will not harm our business. **We may not be able to effectively control and manage our growth**. If our business and markets grow and develop, it will be necessary for us to finance and manage expansion in an orderly fashion. An expansion would increase demands on existing management, workforce and facilities. Failure to satisfy such increased demands could interrupt or adversely affect our operations and cause delay in production and delivery of our paper products, as well as administrative inefficiencies. We, through our subsidiaries, may engage in future acquisitions that could dilute the ownership interests of our stockholders and cause us to incur debt and assume contingent liabilities. We, through our subsidiaries, may review acquisition and strategic investment prospects that we believe would complement the current product offerings of Dongfang Paper, augment its market coverage or enhance its technical capabilities, or otherwise offer growth opportunities. From time to time we review investments in new businesses and we, through our subsidiaries, expect to make investments in, and to acquire, businesses, products, or technologies in the future. We expect that when we raise funds from investors for any of these purposes we will be either the issuer or the primary obligor while the proceeds will be forwarded to Dongfang Paper. In the event of any future acquisitions, we could: • issue equity securities which would dilute current stockholders' percentage ownership; • incur substantial debt; • assume contingent liabilities; or • expend significant cash. These actions could have a material adverse effect on our operating results or the price of our common stock. Moreover, even if we do obtain benefits in the form of increased sales and earnings, there may be a lag between the time when the expenses associated with an acquisition are incurred and the time when we recognize such benefits. Acquisitions and investment activities also entail numerous risks, including: • difficulties in the assimilation of acquired operations, technologies and / or products; • unanticipated costs associated with the acquisition or investment transaction; • the diversion of management's attention from other business concerns; • adverse effects on existing business relationships with suppliers and customers; • risks associated with entering markets in which Dongfang Paper has no or limited prior experience; • the potential loss of key employees of acquired organizations; and • substantial charges for the amortization of certain purchased intangible assets, deferred stock compensation or similar items. We cannot ensure that we will be able to successfully integrate any businesses, products, technology, or personnel that we might acquire in the future and our failure to do so could have a material adverse effect on our and / or Dongfang Paper's business, operating results and financial condition. We are responsible for the indemnification of our officers and directors. Our Articles of Incorporation provides for the indemnification and / or exculpation of our directors, officers, employees, agents and other entities which deal with us to the maximum extent provided, and under the terms provided, by the laws and decisions of the courts of the state of Nevada. Although we do maintain professional error and omission insurance for the officers and directors, due to limitations of the insurance coverage these indemnification provisions could still result in substantial expenditures which we may be unable to recoup through the insurance and could adversely affect our business and financial conditions. Zhenyong Liu, our Chairman of the Board and Chief Executive Officer, Jing Hao, our Chief Financial Officer, Dahong Zhou, our Secretary, and Marco Ku Hon Wai, Wenbing Christopher Wang, Lusha Niu, and Fuzeng Liu, our directors, are key personnel with rights to indemnification under our Articles of Incorporation. We are dependent on certain key personnel and loss of these key personnel could have a material adverse effect on our business, financial condition and results of operations. Our success is, to a certain extent, attributable to the management, sales and marketing, and paper factory operational expertise of key personnel. Zhenyong Liu, our Chief Executive Officer and Chairman of the Board, Jing Hao, our Chief Financial Officer, Dahong Zhou, our Secretary, and Shuting Liang, Dongfang Paper's General Engineer, Gengqi Yang, Dongfang Paper's Vice President of Sales and Marketing, Xuetao Chen, Dongfang Paper's Vice President of Environmental Protection and Xiaodong Liu, Baoding Shengde's General Manager, perform key functions in the operation of our business. There can be no assurance that IT Tech Packaging, Dongfang Paper or Baoding Shengde will be able to retain these officers after the term of their employment contracts expire. The loss of these officers could have a material adverse effect upon our business, financial condition, and results of operations. We do not carry key man life insurance for any

of our key personnel or personnel nor do we foresee purchasing such insurance to protect against a loss of key personnel and personnel. We are dependent upon the services of Mr. Zhenyong Liu for the continued growth and operation of our company because of his experience in the industry and his personal and business contacts in the PRC. Although Mr. Liu has entered into an employment agreement with Baoding Shengde, our wholly owned subsidiary and a PRC company, and that we have no reason to believe that Mr. Liu will discontinue his services with us or Dongfang Paper, the interruption or loss of his services would adversely affect our ability to effectively run our business and pursue our business strategy as well as our results of operations. We may not be able to hire and retain qualified personnel to support our growth and if we are unable to retain or hire these personnel in the future, our ability to improve our products and implement our business objectives could be adversely affected. We must attract, recruit and retain a sizeable workforce of technically competent employees. Competition for senior management and senior personnel in the PRC is intense, the pool of qualified candidates in the PRC is very limited, and we may not be able to retain the services of our senior executives or senior personnel, or attract and retain high- quality senior executives or senior personnel in the future. This failure could materially and adversely affect our future growth and financial condition. Our operating results may fluctuate as a result of factors beyond our control. Our operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are beyond our control. These factors include: ● the costs of paper products and development; ● the relative speed and success with which we can obtain and maintain customers, merchants and vendors for our products; ● capital expenditure for equipment; ● marketing and promotional activities and other costs; ● changes in our pricing policies, suppliers and competitors; ● the ability of our suppliers to provide products in a timely manner to their customers; ● changes in operating expenses; ● increased competition in the paper markets; and ● other general economic and seasonal factors. We **face risks related to product liability claims.** We presently do not maintain product liability insurance. We face the risk of loss because of adverse publicity associated with product liability lawsuits, whether or not such claims are valid. We may not be able to avoid such claims. Although product liability lawsuits in the PRC are rare, and we have not, to date, experienced significant failure of our products, there is no guarantee that we will not face such liability in the future. This liability could be substantial and the occurrence of such loss or liability may have a material adverse effect on our business, financial condition and prospects. Our operating results also depend on the availability and pricing of energy and raw materials. In addition to our dependence upon wood pulp, recycled white scrap paper and paperboard costs, our operating results depend on the availability and pricing of energy and other raw materials. An interruption in the supply of supplemental chemical agents could cause a material disruption at our mill. In addition, an interruption in the supply of natural gas could cause a material disruption at our facilities. At present, our raw materials including natural gas are purchased from a number of suppliers, of which the three largest suppliers account for over 95 % of all purchases. If any of these contracts were to be terminated for any reason, or not renewed upon expiration, or if market conditions were to substantially change creating a significant increase in the price of natural gas and recycled paper, we may not be able to find alternative, comparable suppliers or suppliers capable of providing gas to us on terms or in amounts satisfactory to us. We replaced all the coal boilers with natural gas boiler in September 2017, but due to the gas consumption rise significantly, the government will from time to time issue mandated restriction / suspension of natural gas supply for all natural gas consumption industries, including the paper manufacturing industry in order to secure adequate natural gas to households uses in urban and rural areas. We are subject to the risks of natural gas supply restriction and above- mentioned factors. As a result, our business, financial condition and operating results could suffer. A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales, and / or negatively affect our net income. Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including: ● maintenance outages; ● prolonged power failures; ● an equipment failure, including any malfunction of our waste water treatment facilities; ● disruption in the supply of raw materials, such as wood fiber, energy, or chemicals; ● a chemical spill or release; ● closure because of environmental- related concerns; ● explosion of a boiler; ● the effect of a drought or reduced rainfall on our water supply; ● disruptions in the transportation infrastructure, including roads, bridges, railroad tracks, and tunnels; ● fires, floods, earthquakes, hurricanes, epidemic or other catastrophes; ● terrorism or threats of terrorism; ● labor difficulties; or ● other operational problems. If any of the abovementioned events were to occur, we may be unable to meet customer demand, which may adversely affect our sales and net income. Our certificates, permits, and licenses related to our papermaking operations are subject to governmental control and renewal and failure to obtain renewal will cause all or part of our operations to be terminated. In 1988, the National Environmental Protection Bureau issued Interim Measures on the Administration of Water Pollutants Discharge Permits, requiring all companies discharging pollution into the water as a direct or indirect byproduct of production to adhere to certain caps on pollution discharge. On January 24, 2021, the State Council issued Regulations on the Administration of Pollutant Discharge Permits, which has effected since March 1, 2022. Additionally, such companies were required to obtain and annually renew a Pollution Discharge Permit in order to conduct their operations. On December 24, 2021, the Standing Committee of the National People’ s Congress issued Law of the People’ s Republic of China on the Prevention and Control of Noise Pollution (the “ Prevention and Control of Noise Pollution Law ”), which became effective on June 5, 2022. According to the Prevention and Control of Noise Pollution Law, entities subject to the pollutant discharge licensing management requirements shall not emit industrial noise without a pollutant discharge permit and shall prevent and control noise pollution according to the requirements of the pollutant discharge permit. The noise pollution has been included in the Pollution Discharge Permit, and we conduct quarterly test on the noise through qualified testing institutions to comply with the laws, which is required by laws. The PRC government has the authority to shut down a company’ s operations for its failure to maintain a valid permit. We renewed our Pollution Discharge Permit in June 2020. Our latest permit is effective from June 28, 2020 through June 27, 2025. Pollution discharge Permit for Tengsheng Paper was effective from August 10, 2021 through August 9, 2026. An application to renew will be filed by us with the local environment protection agency before the expiration. The failure by us to maintain or obtain any certificate, permit, and license necessary for our operations or the failure

by us to obtain the renewal of any such certificate, permit or license may materially and adversely affect our business, prospects, financial condition and results of operation. Compliance with environmental regulations is expensive, and noncompliance may result in adverse publicity and potentially significant monetary damages and fines or suspension of our business operations. We are required to comply with all Chinese national and local regulations regarding the protection of the environment. Compliance with environmental regulation is expensive. The Chinese government is adopting even more stringent environmental protection and operational safety regulations and the costs of complying with these regulations are expected to increase. Although we have obtained all of the necessary approvals and permits for our production facilities currently existing, we cannot assure you that we will be able to comply with all applicable environmental protection and operational safety requirements, and obtain all of the required governmental approvals and permits that may be or may become applicable to us on a timely basis, or at all, or will be able to complete all our registrations and filings with the government, in time for our future projects. The relevant governmental authorities may impose on us fines for any non-compliance, set deadlines for rectification, and order us to cease construction or production if we fail to comply with their requirements. If we are unable to respond to pricing pressures, our business may be harmed. In order to remain competitive, from time to time we have to adjust the prices of our products to remain competitive. We may not have available sufficient financial or other resources to continue to make investments necessary to maintain our competitive position. If we fail to introduce enhancements to our existing products or to develop new products, our business and results of operations could be adversely affected. We believe that our future success depends in part on our ability to enhance our existing products and develop new products in order to continue to meet customer demand. Our failure to introduce new or enhanced products on a timely and cost-competitive basis, or the development of processes that make our existing products obsolete, could harm our business and results of operations. We have limited insurance coverage and may incur losses resulting from product liability claims or business interruptions. As the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business insurance products. We do not have any product liability insurance or business interruption insurance. Based on the insurance products available in China, even if we decide to take out business interruption coverage, such insurance as currently available offers limited coverage compared to that offered in many other jurisdictions. Any business disruption, natural disaster, or product liability claim could result in our incurring substantial costs and diversion of resources, which would have an adverse effect on our business and results of operations. Our failure to protect our intellectual property rights may undermine our competitive position, and external infringements of our intellectual property rights may adversely affect our business. Our success and ability to compete depends in part on our intellectual property. We primarily rely on a combination of trademark, trade secret, and copyright laws, as well as confidentiality procedures and contractual restrictions with our employees, contractors and others to establish and protect our intellectual property rights. However, confidentiality and license arrangements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. The steps we take to protect our intellectual property rights may be inadequate or we may be unable to secure intellectual property protection for some of our properties. Infringement of intellectual property rights continues to pose a serious risk of doing business. We may in the future file patent applications on certain of our innovations. It is possible, however, that these innovations may not be patentable. In addition, given the cost, effort and risks associated with patent application, we may choose not to seek patent protection for some innovations. Furthermore, our patent applications may not lead to granted patents, the scope of the protection gained may be insufficient or an issued patent may be deemed invalid or unenforceable. We also cannot guarantee that any of our present or future patents or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned. If we are unable to protect our intellectual property, our competitors could use our intellectual property to market offerings similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe on our intellectual property. The enforcement of our intellectual property rights depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed. In addition, defending our intellectual property rights might entail significant expense and diversion of management resources. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigations. We can provide no assurance that we will prevail in such litigations, and, even if we do prevail, we may not obtain a meaningful relief. Accordingly, despite our efforts, we may be unable to prevent external parties from infringing or misappropriating our intellectual property. Any intellectual property that we own may not provide us with competitive advantages or may be successfully challenged by external parties. We may be subject to intellectual property infringement claims or other allegations, which may materially and adversely affect our business, financial condition and prospects. We cannot be certain that we do not or will not infringe patents, copyrights, trademarks or other intellectual property rights held by external parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks, copyrights or other intellectual property rights, or misappropriation of creative ideas or formats, or other infringement of proprietary, which may materially and adversely affect our business, financial condition and prospects. The PRC government has significant oversight and discretion over the conduct of a PRC company's business operations or to exert control over any offering of securities conducted overseas and / or foreign investment in China-based issuers, and may intervene with or influence our operations, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless, as the government deems appropriate to further regulatory, political and societal goals. The PRC government may intervene or influence our operations at any time, which could result in a material change in our operations and / or the value of our common stock. For example, the PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding any industry

that could adversely affect the business, financial condition and results of operations of our company. Furthermore, the PRC government has also recently indicated an intent to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in China-based companies. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless. Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. Currently, these statements and regulatory actions have had no impact on our daily business operation, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange. Since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our daily business operation, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange. The CSRC has released the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies (the “Trial Measures”). While such rules have not yet gone into effect, the Chinese government may exert more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless. On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which will come into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedures and report relevant information to the CSRC; if a domestic company fails to complete the filing procedures or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties by the CSRC, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offerings and listings shall be determined as an indirect overseas offerings and listings by a domestic company: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic enterprises; and; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for initial public offerings or listings in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted; if the issuer submits the application documents for offerings or listings in secret or non-public ways overseas, it may submit an explanation at the time of filing, and the application shall be postponed until the application documents are reported to the CSRC within three business days after the application documents are disclosed overseas. The Trial Measures, when coming into effect on March 31, 2023, may subject us to additional compliance requirements in the future, and we cannot assure you that we will be able to get the clearance of filing procedures under the Trial Measures on a timely basis, or at all. Any failure of us to fully comply with new regulatory requirements may significantly limit or completely hinder our ability to continue to offer our securities, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our consolidated financial condition and results of operations and cause our securities to significantly decline in value or become worthless. We believe that we, our PRC Subsidiaries, the consolidated VIE and its subsidiary are not required to fulfill filing procedures and obtain approvals from the CSRC to continue to offer our securities or operate the business of the consolidated VIE and its subsidiary. In addition, to date, none of us, our PRC Subsidiaries, consolidated VIE and its subsidiary have received any filing or compliance requirements from CSRC for the listing of the Company at NYSE American and all of its overseas offerings. Based on our understanding of the current PRC laws, we believe that the CSRC’s approval is not required to be obtained for ITP’s continued listing on NYSE American; however, there are substantial uncertainties regarding the interpretation and application of the M & A Rules, other PRC Laws and future PRC laws and regulations, and there can be no assurance that any PRC governmental agency will not take a view that is contrary to or otherwise different from our belief stated herein. Recent greater oversight by the Cyberspace Administration of China, or the “CAC,” over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact the business of us, the consolidated VIE and its subsidiary and investing in our securities. On December 28, 2021, the CAC, together with 12 other governmental departments of the PRC, jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, in addition to critical information infrastructure operators (“CIIOs”) that intend to purchase Internet products and services, data processing operators engaging in data processing activities that affect or may affect national security must be subject to cybersecurity review by the Cybersecurity Review Office of the PRC. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Cybersecurity Review Measures further requires that CIIOs and data processing operators that possess personal data of at least one million users must apply for a review by the Cybersecurity Review Office of the PRC before conducting listings in foreign countries. On November 14, 2021, the CAC published the Draft Regulations on the Network Data Security Administration (Draft for Comments) (the “Security Administration Draft”), which provides that data processing operators engaging in data processing

activities that affect or may affect national security must be subject to network data security review by the relevant Cyberspace Administration of the PRC. According to the Security Administration Draft, data processing operators who possess personal data of at least one million users or collect data that affects or may affect national security must be subject to network data security review by the relevant Cyberspace Administration of the PRC. The deadline for public comments on the Security Administration Draft was December 13, 2021. The Security Assessment Measures for Outbound Data Transfers which was released on May 19, 2022 at the 10th executive meeting of the Cybersecurity Administration of China in 2022, and implemented on September 1, 2022, stipulates that a data processor shall declare security assessment for its outbound data transfer to the CAC at the provincial level: (i) where a data processor provides critical data abroad; (ii) where a CIO or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. We believe none of us, our PRC Subsidiaries, the consolidated VIE or its subsidiaries is a CIO, and we believe that, to date, we, all of our PRC Subsidiaries, the consolidated VIE and its subsidiary are not required to go through cybersecurity review from the CAC to continue to offer our securities or operate the business of the consolidated VIE and its subsidiary. In addition, as of the date of this annual report, we, our PRC Subsidiaries, consolidated VIE and its subsidiary have not received any notice from any authorities identifying us as a CIO or requiring us to go through cybersecurity review or network data security review by the CAC. We, our PRC Subsidiaries, consolidated VIE and its subsidiary have not been required to obtain any approvals or permits from CAC. When the Cybersecurity Review Measures become effective and if the Security Administration Draft is enacted as proposed, we believe that the operations of the consolidated VIE and its subsidiary and our listing will not be affected and that we, the consolidated VIE and its subsidiary will not be subject to cybersecurity review or network data security review by the CAC, given that: (i) as a company that mainly engages in paper production and distribution, our PRC Subsidiaries, the consolidated VIE and VIE's subsidiaries are unlikely to be classified as CIOs by the PRC regulatory agencies; (ii) we, the consolidated VIE and its subsidiary possess personal data of fewer than one million individual clients in the business operations as of the date of this annual report and do not anticipate that we, the consolidated VIE and its subsidiary will be collecting over one million users' personal information in the near future, which we understand might otherwise subject us, the consolidated VIE and its subsidiary to the Cybersecurity Review Measures; and (iii) data processed in the business of the consolidated VIE and its subsidiary is unlikely to have a bearing on national security and therefore is unlikely to be classified as core or important data by the authorities. There remains uncertainty, however, as to how the Cybersecurity Review Measures and the Security Administration Draft will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the Security Administration Draft. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on us. We cannot guarantee, however, that we, the consolidated VIE and its subsidiary will not be subject to cybersecurity review and network data security review in the future. During such reviews, we, the consolidated VIE and its subsidiary may be required to suspend our operation or experience other disruptions to our operations. Cybersecurity review and network data security review could also result in negative publicity with respect to our Company and diversion of our managerial and financial resources, which could materially and adversely affect the business, financial conditions, and results of operations of us, the consolidated VIE and its subsidiary. The occurrence of security breaches and cyber-attacks could negatively impact our business. Information technology systems are important to our business and operations. We are subject to attempts to compromise our security and information systems, including denial of service attacks, viruses, malicious software or ransomware, and exploitations of system flaws or weaknesses. Error or malfeasance or other irregularities may also result in the failure of our or our third-party service providers' cybersecurity measures and may give rise to a cybersecurity incident. The techniques used to conduct security breaches and cyber-attacks, as well as the sources and targets of these attacks, change frequently and may not be recognized until launched against us or our third-party service providers. We or our third-party service providers may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. The primary risks that could directly result from the occurrence of security breaches and cyber-attacks include operational interruption, financial losses, personal information leakage and non-compliance. The occurrence of such incidents could negatively impact our business operations and our relationships with customers and employees, and damage our reputation. If we or our third-party service providers are unable to avert security breaches and cyber-attacks, we could incur significantly higher costs, including remediation costs to repair damage caused by the breach, costs to deploy additional personnel and network protection technologies, train employees and engage third-party experts and consultants, as well as litigation costs resulting from the incident. These costs, which could be material, could adversely impact our results of operations in the period in which they are incurred and may not meaningfully limit the success of future attempts to breach our information technology systems. Our business may be subject to a variety of PRC laws and other obligations regarding cybersecurity and data protection. We receive and maintain certain personal, financial and other information about our customers in various information systems that we maintain and in those maintained by third-party service providers. Our information technology systems, such as those we use for administrative functions, including human resources, payroll, accounting and internal and external communications, can contain personal, financial or other information of our employees. We also maintain important proprietary and other confidential information related to our operations. As a result, we face risks inherent in handling and protecting information. If our security and information systems or the security and information systems of third-party service providers are compromised for any reason, including as a result of data corruption or loss, security breach, cyber-attack or other external or internal methods, or if our employees, or service providers fail to comply with laws, regulations and practice standards, and this information is obtained by unauthorized persons, used or disclosed

inappropriately or destroyed, it could subject us to litigation and government enforcement actions, cause us to incur substantial costs, liabilities and penalties and / or result in a loss of customer confidence, any and all of which could adversely affect our business, reputation, ability to attract new customers, results of operations and financial condition. In addition, our business may be subject to PRC laws relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. These laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities. Pursuant to the PRC Cybersecurity Law, which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and took effect on June 1, 2017, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the Cyberspace Administration of China ("CAC"). Due to the lack of further interpretations, the exact scope of "critical information infrastructure operator" remains unclear. On April 13, 2020, twelve Chinese government agencies jointly promulgated the Measures for Cybersecurity Review (2020 version) ("Old Measures"), which became effective on June 1, 2020, set forth the cybersecurity review mechanism for critical information infrastructure operators, and provided that critical information infrastructure operators ("CIIOs") who intend to procure network products and services that affect or may affect national security shall be subject to a cybersecurity review. On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which took effect in September 2021. The Data Security Law provides for a security review procedure for the data activities that may affect national security. Moreover, the CAC issued the Measures of Cybersecurity Review (Revised Draft for Comments) on July 10, 2021, which requires operators with personal information of more than one million users who want to list abroad to file a cybersecurity review with the CAC. Furthermore, 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 Severe and Lawful Crackdown on Illegal Securities Activities, which was available to the public on July 6, 2021. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. The Data Security Law also sets forth the data security protection obligations for entities and individuals handling personal data, including that no entity or individual may acquire such data by stealing or other illegal means, and the collection and use of such data should not exceed the necessary limits. The costs of compliance with, and other burdens imposed by, PRC Cybersecurity Law and any other cybersecurity and related laws may limit the use and adoption of our products and services and could have an adverse impact on our business. Further, if the enacted version of the Measures for Cybersecurity Review mandates clearance of cybersecurity review and other specific actions to be completed by companies like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. On January 4, 2022, the CAC issued the revised Measures on Cyberspace Security Review (the "Revised Measures") that has come into effect on February 15, 2022, which required that, among others, in addition to "operator of critical information infrastructure," any "network platform operator data processor" controlling personal information of no less than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review. We do not believe we are among the "operator of critical information infrastructure" or "network platform operator data processor" who control over one million personal information as mentioned above; however, the definition of "network platform operator" is unclear. The revised draft of the Measures for Cybersecurity Review is in the process of being formulated and it is also unclear on how it will be interpreted, amended and implemented by the relevant PRC governmental authorities. The Revised Measures also establish a Cybersecurity Review Office (the "CRO"), an administrative body within the CAC, to formulate the regulations for cybersecurity review and to lead the cybersecurity review process. Applicable CIIOs and NP operators are required to submit an application to the CRO, and the CRO will assess whether a cybersecurity review is required. As these laws, opinions and the measures were recently issued, official guidance and interpretation of these remain unclear in several respects at this time, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws, opinions and the measures. Therefore, it is uncertain whether the future regulatory changes would impose additional restrictions on our business. We believe that we are currently not be subject to the cybersecurity review by the CAC, given the factors discussed above. However, there remains uncertainty as to how the Revised Measures will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Revised Measures. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on us. We cannot assure you that PRC regulatory agencies, including the CAC, would take the same view as we do. In the event that we are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we face uncertainty as to whether any clearance or other required actions can be timely completed, or at all. Given such uncertainty, we may be further required to suspend our relevant business, or face other penalties, which could materially and adversely affect our business, financial condition, and results of operations. Changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in the PRC and the profitability of such business. Our business operations, financial condition, results of operations and prospects may be adversely affected by the current and future political environment in the PRC. The PRC has operated as a socialist state since the middle of the 20th century and is controlled by the Communist Party of China. The Chinese government exerts substantial influence and control over the manner in which we must conduct our business activities. The PRC has only permitted provincial and local economic autonomy and private economic activities since 1978. The government of the PRC has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy, including the paper industry, through regulation and state ownership. Our

ability to operate in the PRC may be adversely affected by changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under its current leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the government of the PRC will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice. Policies of the PRC government can have significant effects on the economic conditions of the PRC. The PRC government has confirmed that economic development will follow the model of a market economy. Under this direction, we believe that the PRC will continue to strengthen its economic and trading relationships with foreign countries and business development in the PRC will follow market forces. While we believe that this trend will continue, there can be no assurance that this will be the case. A change in policies by the PRC government could adversely affect our interests by, among other factors: changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports or sources of supplies, or the expropriation or nationalization of private enterprises. Although the PRC government has been pursuing economic reform policies for more than three decades, there is no assurance that the government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting the PRC's political, economic and social life. The PRC laws and regulations governing our current business operations are sometimes vague and uncertain. Any changes in such PRC laws and regulations may harm our business. The PRC laws and regulations governing our current business operations are sometimes vague and uncertain. The PRC's legal system is a civil law system based on written statutes, in which system decided legal cases have little value as precedents unlike the common law system prevalent in the United States. There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including but not limited to the laws and regulations governing our business, the enforcement and performance of our contractual arrangements with our VIE, Dongfang Paper, and its shareholders, or the enforcement and performance of our arrangements with customers in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. The Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. Our major operating entity, Dongfang Paper, conducts its operations in China, and as a result, we are required to comply with PRC laws and regulations. We cannot assure you that our current ownership and operating structure would not be found in violation of any current or future PRC laws or regulations. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business. If the relevant authorities find that we are in violation of PRC laws or regulations, they would have broad discretion in dealing with such a violation, including, without limitation: ● levying fines; ● revoking Dongfang Paper's business and other licenses; ● requiring that we restructure our ownership or operations; and ● requiring that we discontinue any portion or all of our business. Among the material laws that we are subject to are the Price Law of The People's Republic of China, Measurement Law of The People's Republic of China, Tax Law, Environmental Protection Law, Contract Law, Patent Law, Accounting Laws and Labor Law. A slowdown, inflation or other adverse developments in the PRC economy may harm our customers and the demand for our services and products. All of our operations are conducted in the PRC and all of our revenue is generated from sales in the PRC. Although the PRC economy has grown significantly in recent years, we cannot assure you that this growth will continue. In 2023-2024, China's Gross Domestic Product ("GDP") growth rate was 5.2-0% as compared to 3-5.0-2% in 2022-2023. A slowdown in overall economic growth, an economic downturn, a recession or other adverse economic developments in the PRC could significantly reduce the demand for our products and harm our business. Additionally, while the PRC economy experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth could lead to growth in the money supply and rising inflation. If prices for our products rise at a rate that is insufficient to compensate for the rise in the costs of supplies, it may harm our profitability. In order to control inflation in the past, the PRC government has imposed controls on bank credit, limits on loans for fixed assets and restrictions on state bank lending. Such an austere policy can lead to a slowing of economic growth. Our PRC Subsidiaries, consolidated VIE and its subsidiary in China are subject to restrictions on making dividends and other payments to us or any other affiliated company. We are a holding company and may receive dividends paid by our subsidiaries established in China for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders to the extent we choose to do so, to service any debt we may incur and to pay our operating expenses. Baoding Shengde's income in turn depends on the service and other fees paid by the consolidated VIE. In addition, ITP, its subsidiaries, the consolidated VIE and the VIE's subsidiaries may also transfer cash to each other as part of the group cash management. If any of our subsidiaries, the consolidated VIE and VIE's subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends or make other payments to us. Current PRC regulations permit our PRC Subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, under the applicable requirements of PRC law, our PRC Subsidiaries, consolidated VIE and its subsidiary incorporated as companies may only distribute dividends after they have made allowances to fund certain statutory reserves. These reserves are not distributable as cash dividends. In addition, under the Enterprise Income Tax Law of the PRC, which became effective on January 1, 2008 and its implementation rules, dividends paid to us by our PRC Subsidiaries are subject to withholding tax. The withholding tax on dividends may be exempted or

reduced by the PRC State Council. Currently, the withholding tax rate is 10 % unless reduced or exempted by treaty between the PRC and the tax residence of the holder of the PRC Subsidiaries. Furthermore, if our PRC Subsidiaries, consolidated VIE and its subsidiary in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require our PRC Subsidiaries, consolidated VIE and its subsidiary to adjust their taxable income under the contractual arrangements we currently have in place in a manner that would restrict our subsidiaries' ability to pay dividends and make other distributions to us. In addition, the PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. To date, our PRC Subsidiaries have not paid dividends to us out of their accumulated profits. In the near future, we do not expect to receive dividends from our PRC subsidiaries because the accumulated profits of the PRC Subsidiaries are expected to be used for their own business or expansions. For the year ended December 31, ~~2023~~ **2024**, the cash flows occurred between IT Tech Packaging, its subsidiaries and the VIE included (i) loans in the amount of \$ ~~41,233,059,999,480~~ provided by **Dongfang Paper to Baoding Shengde to Tengsheng Paper**; and (ii) **repayment of shareholder** loans in the **total** amount of \$ ~~2,727,433,000~~ **822,666** provided by **Baoding Shengde to Dongfang Paper**; (iii) ~~the payment in the amount of~~ **IT Tech Packaging** ~~5,468,122 made by Dongfang Paper to Baoding Shengde for purchase of raw materials; and (iv) funding through Shengde Holdings Inc. to Qianrong, with an amount of \$ 500,000 as capital contributions~~. We do not have an established cash management policy that dictates how funds are transferred between us, our PRC Subsidiaries, consolidated VIE and its subsidiary. We do not, at this time, intend to distribute earnings or settle amounts owed under the VIE Agreements. In the future, cash proceeds raised from overseas financing activities may be transferred by ITP to our PRC Subsidiaries and other subsidiaries or the consolidated VIE and its subsidiary via capital contributions or loans, as the case may be. Amounts owed under the VIE Agreements may be returned by Baoding Shengde or the consolidated VIE and its subsidiary through repayment of loans or payment of service fees according to the exclusive technical service and business consulting agreement, subject to satisfaction of applicable government registration and approval requirements. To the extent cash in the business is in the PRC, the funds may not be available to fund operations or for other use outside of the PRC due to interventions in or the imposition of restrictions and limitations on the ability of us, our PRC Subsidiaries, or the consolidated VIE by the PRC government to transfer cash. We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC Subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. IT Tech Packaging Inc. is a Nevada holding company and conducts all of its business through its operating subsidiaries and the VIE. IT Tech Packaging Inc. relies principally on dividends and other distributions on equity from our PRC Subsidiaries for cash requirements, including for services of any debt IT Tech Packaging Inc. may incur. Our PRC Subsidiaries' ability to distribute dividends is based upon its distributable earnings. Current PRC regulations permit our PRC Subsidiaries to pay dividends to its shareholders only out of its accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. If our PRC Subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC Subsidiaries to distribute dividends or other payments to its shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund and conduct our business. In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10 % will be applicable to dividends payable by Chinese companies to non- PRC- resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non- PRC resident enterprises are incorporated. Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of investors' investment. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a significant portion of our revenues in Renminbi. Under our current corporate structure, our Nevada holding company may rely on dividend payments from our PRC Subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service- related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our Nevada holding company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and VIE to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement including overseas direct investment. More restrictions and substantial vetting process are put in place by SAFE to regulate cross- border transactions falling under the capital account. The PRC government may at its discretion further restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders of our common stock. PRC regulation of loans and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from making 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 IT Tech Packaging Inc. transfers to its 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 report investment information to the MOFCOM or their respective local branches and registration with a local bank authorized by the SAFE. In addition, any foreign loan procured by our PRC Subsidiaries cannot exceed statutory limits and is required to be registered with SAFE or its local branches. Any medium or long- term loan to be provided by IT Tech Packaging Inc. to the VIE must be registered with the National Development and Reform Commission, or NDRC, and the SAFE or its local branches. We may not be able to complete such registrations on a timely basis, with respect to future capital contributions or foreign loans by IT Tech Packaging Inc. to its PRC Subsidiaries. If we fail to complete such registrations, our ability to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand 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 on 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 fund the establishment of new entities in China by the VIE, to invest in or acquire any other PRC companies through our PRC Subsidiaries, or to establish new consolidated VIE in China, which may adversely affect our business, financial condition and results of operations. On October 23, 2019, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross- border Trade and Investment, or the SAFE Circular 28, which, among other things, allows all foreign- invested companies to use Renminbi converted from foreign currency- denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since the SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out 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 by IT Tech Packaging to its PRC Subsidiaries or with respect to future capital contributions by IT Tech Packaging Inc. to its PRC Subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability 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. **The fluctuation of the Renminbi may harm your investment. The** value of the Renminbi against the U. S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC' s political and economic conditions. According to the Bureau of the Fiscal Service, as of December 31, **2023-2024**, \$ 1 is converted into **7.0827-1884** Yuan (RMB). As we rely entirely on revenues earned in the PRC, any significant reevaluation of the Renminbi may materially and adversely affect our cash flows, revenues and financial condition. For example, to the extent that we need to convert U. S. dollars we receive from an offering of our securities into Renminbi for Dongfang Paper' s operations, appreciation of the Renminbi against the U. S. dollar would diminish the value of the proceeds of the offering and this could harm our business, financial condition and results of operations because it would reduce the proceeds available to us for capital investment in proportion to the appreciation of the Renminbi. Thus, if we raise 1, 000, 000 U. S. dollars and the Renminbi appreciates against the U. S. dollar by 15 %, then the proceeds will be worth only **RMB6- RMB 6, 020-110, 295-140** as opposed to **RMB 7, 082-188, 700-400** prior to the appreciation. Conversely, if we decide to convert our Renminbi into U. S. dollars for the purpose of making payments for dividends on our common shares or for other business purposes and the U. S. dollar appreciates against the Renminbi, the U. S. dollar equivalent of the Renminbi we convert would be reduced in proportion to the amount the U. S. dollar appreciates. In addition, the depreciation of significant RMB denominated assets could result in a charge to our income statement and a reduction in the dollar value of these assets. Thus, if Dongfang Paper has **RMB1, 000, 000** in assets and Renminbi is depreciated against the U. S. dollar by 15 %, then the assets will be valued at **\$ 122-120, 773-968** as opposed to **\$ 141-139, 189-113** prior to the depreciation. On July 21, 2005, the PRC government changed its decade- old policy of pegging the value of the Renminbi to the U. S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in an approximately **42. 55-9** % appreciation of the Renminbi against the U. S. dollar as of December 31, **2023-2024**. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant depreciation of the Renminbi against the U. S. dollar. Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may materially adversely affect us. The PRC State Administration of Foreign Exchange, or SAFE,

has promulgated regulations, including the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles, or SAFE Circular No. 37, effective on July 14, 2014, and its appendixes, that require PRC residents, including PRC institutions and individuals, to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular No. 37 as a "special purpose vehicle." SAFE Circular No. 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in their ability to contribute additional capital into its PRC subsidiaries. Further, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion. Because of uncertainty over the interpretation of Circular 37, we cannot assure you that, if challenged by government agencies, the structure of our organization has fully complied with all applicable registrations or approvals required by Circular 37. Moreover, because of uncertainty over how Circular 37 will be interpreted and implemented, and how or whether SAFE will apply it to us, we cannot predict how it will affect our business operations or future strategies. A failure by such PRC resident beneficial holders or future PRC resident stockholders to comply with Circular 37, if SAFE requires it, could subject these PRC resident beneficial holders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects. While the approval and / or other requirements of the CSRC or other PRC governmental authorities are currently not required, they may be required, in connection with our overseas listing under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval. On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission ("CSRC"), promulgated the Regulation on Mergers and Acquisitions of Domestic Companies by Foreign Investors ("M & A Rules"), which became effective on September 8, 2006 and then was further amended on June 22, 2009. This regulation, among other things, has certain provisions that purport to require offshore SPVs formed for the purpose of listing and controlled by PRC individuals or companies, to obtain the approval of the CSRC prior to listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining CSRC approval. In addition, the PRC government authorities may strengthen oversight over offerings that are conducted overseas. For instance, on July 6, 2021, the relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities, which emphasized the need to strengthen the supervision over overseas listings by PRC companies. Effective measures, such as promoting the construction of relevant regulatory systems, are to be taken to deal with the risks and incidents of China-based overseas-listed companies, cybersecurity and data privacy protection requirements and similar matters. The Measures for Cybersecurity Review issued by the CAC on January 4, 2022 also required that, among others, "critical information infrastructure" or internet platform operator holding over one million users' personal information to apply for a cybersecurity review before any listing at a foreign country. These statements and regulations are recently issued and there remain substantial uncertainties about their interpretation and implementation. On February 17, 2023, the CSRC released the Trial Administrative Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies, or the Trial Measures, and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedures and report relevant information to the CSRC. For more information about the Trial Measures, see "Risk Factors — Risk Factors Relating to Doing Business in China — The CSRC has released the Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies (the "Trial Measures"). While such rules have become into effect, the Chinese government may exert more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless." We believe that, as of the date of this annual report, we are not required to obtain any permission from PRC authorities to operate and issue securities to foreign investors, including permissions from the CSRC or CAC. However, there is no guarantee that this will continue to be the case in the future in connection with the listing or continued listing of our securities on NYSE American, or even in the event such permission or approval is required and obtained, the approval could be subsequently revoked or rescinded. Any failure to obtain or a delay in obtaining the necessary permissions from the PRC authorities to conduct offerings or listing outside of China may subject us to sanctions imposed by the PRC regulatory authorities. If we do not receive or maintain the approvals, or we inadvertently conclude that such approvals are not required, or applicable laws, regulations, or interpretations change such that we are required to obtain approval in the future, we may be subject to an investigation by competent regulators, fines or penalties, or an order prohibiting us from conducting an offering, and these risks could result in a material adverse change in our operations and the value of our company's securities, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless. As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection to our operations from the CSRC, CAC or any other PRC governmental authorities, and our PRC Subsidiaries and the VIE have obtained all requisite permissions from PRC governmental authorities to operate our business as currently conducted under relevant PRC laws and regulations and no permissions have been denied by governmental authorities. The M & A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it

more difficult for us to pursue growth through acquisitions in China. Among other things, the M & A Rules 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 the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council in 2008, are triggered. Moreover, the Anti-Monopoly Law requires that the anti-monopoly law enforcement authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the State Council that became effective in March 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. The PRC’s legal and judicial system may not adequately protect our business and operations and the rights of foreign investors. The PRC legal and judicial system may negatively impact foreign investors. In 1982, the National People’s Congress amended the Constitution of China to authorize foreign investment and guarantee the “lawful rights and interests” of foreign investors in the PRC. However, the PRC’s system of laws is not yet comprehensive. The legal and judicial systems in the PRC are still rudimentary, and enforcement of existing laws is inconsistent. Many judges in the PRC lack the depth of legal training and experience that would be expected of a judge in a more developed country. Because the PRC judiciary is relatively inexperienced in enforcing the laws that do exist, anticipation of judicial decision-making is more uncertain than would be expected in a more developed country. It may be impossible to obtain swift and equitable enforcement of laws that do exist, or to obtain enforcement of the judgment of one court by a court of another jurisdiction. The PRC’s legal system is based on the civil law regime, that is, it is based on written statutes; a decision by one judge does not set a legal precedent that is required to be followed by judges in other cases. In addition, the interpretation of Chinese laws may be varied to reflect domestic political changes. The trend of legislation over the last 20 years has significantly enhanced the protection of foreign investment and allowed for more control by foreign parties of their investments in Chinese enterprises. However, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may adversely affect foreign investors. A change in leadership, social or political disruption, or unforeseen circumstances affecting the PRC’s political, economic or social life, may affect the PRC government’s ability to continue to support and pursue these reforms. Such a shift could have a material adverse effect on our business and prospects. The practical effect of the PRC legal system on our business operations in the PRC can be viewed from two separate but intertwined considerations. First, as a matter of substantive law, the foreign invested enterprise laws provide significant protection from government interference. In addition, these laws guarantee the full enjoyment of the benefits of corporate articles and contracts to foreign invested enterprise participants. These laws, however, do impose standards concerning corporate formation and governance, which are qualitatively different from the general corporation laws of the United States. Similarly, the PRC accounting laws mandate accounting practices, which are not consistent with U. S. generally accepted accounting principles. PRC’s accounting laws require that an annual “statutory audit” be performed in accordance with PRC accounting standards and that the books of account of foreign invested enterprises are maintained in accordance with Chinese accounting laws. Article 14 of the People’s Republic of China 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, at the risk of business license revocation. While the enforcement of substantive rights may appear less clear than United States procedures, foreign invested enterprises and wholly foreign-owned enterprises are Chinese registered companies, which enjoy the same status as other Chinese registered companies in business-to-business dispute resolution. Any award rendered by an arbitration tribunal is enforceable in accordance with the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958). Therefore, as a practical matter, although no assurances can be given, the Chinese legal infrastructure, while different in operation from its United States counterpart, should not present any significant impediment to the operation of foreign invested enterprises. Because our principal assets are located outside of the United States and most of our directors and officers reside outside of the United States, it may be difficult for you to effect service of legal process, enforce your rights based on U. S. federal securities laws against us and our officers or to enforce U. S. court judgment against us or them in the PRC. All of our directors and officers reside outside the United States. In addition, our operating company is located in the PRC and substantially all of our assets are located outside of the United States. It may therefore be difficult for investors in the United States to enforce their legal rights based on the civil liability provisions of the U. S. Federal securities laws against us in the courts of either the U. S. or the PRC and, even if civil judgments are obtained in U. S. courts, to enforce such judgments in PRC courts. Further, it is unclear if extradition treaties now in effect between the United States and the PRC would permit effective enforcement against us or our officers and directors of criminal penalties, under the U. S. Federal securities laws or otherwise. It may be difficult for overseas regulators to conduct investigation or collect evidence within China. Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the

Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by our investors in protecting their interests. We may be required to broaden the coverage of the mandatory social security insurance programs under the Labor Law of the PRC. The PRC Labor Law, effective January 1, 2008, requires that employers enroll in the following social security insurance programs and offer certain employer- sponsored premium benefits to eligible employees: (1) retirement endowment, (2) healthcare insurance, (3) unemployment insurance, (4) workers' compensation insurance, and (5) pregnancy insurance. Of these insurance programs, the retirement endowment fund requires employee withholdings of 4 % to 8 % of the gross compensation, while the employer' s matching contribution varies from 16 % to 20 % of such compensation. While the Company is enrolled in the retirement endowment fund and is withholding employees' portion and the employer' s portion of the endowment contribution, many of the Company' s employees have elected to waive their coverage under these mandatory social security insurance programs in favor of certain other low- cost, local government- sponsored social security insurance programs for residents in non- urban districts. Although we have verified with the local government agencies for the validity of the employee waivers and reasonably believe that we are not required to cover the employees who waived the benefits, the local government may change its policy and ask us to broaden our insurance coverage to those who have specifically waived their rights. The current tensions in international trade and rising political tensions, particularly between U. S. and China, may adversely impact our business, financial condition, and results of operations. Although cross- border business may not be an area of our focus, if we plan to expand our business internationally in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact our competitive position, or prevent us from being able to conduct business in certain countries. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations. Recently, there have been heightened tensions in international economic relations, such as the one between the United States and China. The U. S. government has recently imposed, and has recently proposed to impose additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose additional, new, or higher tariffs on certain products imported from the United States. Following mutual retaliatory actions for months, on January 15, 2020, the United States and China entered into the Economic and Trade Agreement between the United States of America and the People' s Republic of China as a phase one trade deal, effective on February 14, 2020. In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID- 19 outbreak, sanctions imposed by the U. S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government and the executive orders issued by U. S. President Donald J. Trump in August 2020 that prohibit certain transactions with certain Chinese companies and their applications. Rising political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations. Although the direct impact of the current international trade tensions and political tensions between the United States and China, and any escalation of such tensions, on the paper making industry in China is uncertain, the negative impact on general, economic, political and social conditions may adversely impact our business, financial condition and results of operations. Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law. On March 15, 2019, the National People' s Congress, China' s national legislative body (the " NPC ") approved the Foreign Investment Law, which became effective on January 1, 2020. Since it is relatively new, uncertainties exist in relation to its interpretation and its implementation rules that are yet to be issued. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign- invested enterprises if they are ultimately " controlled " by foreign investors. However, it has a catch- all provision under the definition of " foreign investment " that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. There can be no assurance that our control over our consolidated VIE through contractual arrangements will not be deemed as a foreign investment in the future. The Foreign Investment Law grants national treatment to foreign- invested entities, except for those foreign- invested entities that operate in industries specified as either " restricted " or " prohibited " from foreign investment in the Special Administrative Measures for Market Access of Foreign Investment (Negative List), which was approved by the CPC Central Committee and the State Council and issued by the State Development and Reform Commission and the Ministry of Commerce with an effective date of July 30, 2019 and renew on January 1, 2022. The Foreign Investment Law provides that foreign- invested entities operating in " restricted " or " prohibited " industries will require market entry clearance and other approvals from relevant PRC government authorities. If our control over our consolidated VIE through contractual arrangements are deemed as foreign investment in the future, and any business of our consolidated VIE is considered " restricted " or " prohibited " from foreign investment under the " negative list " effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our consolidated VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and / or restructure our business operations, any of which may have a material adverse effect on our business operation. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face

substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations. Any failure by our consolidated VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business. We, through our wholly foreign-owned enterprise in the PRC, have entered into a series of contractual arrangements with our consolidated VIE and its shareholders. For a description of these contractual arrangements, see “ Overview and Corporation History. ” If our consolidated VIE or its shareholders fail to perform their respective obligations under these contractual arrangements, we may incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of our consolidated VIE were to refuse to transfer their equity interests in the consolidated VIE to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if there are any disputes or governmental proceedings involving any interest in such shareholders’ equity interests in our VIE, our ability to exercise shareholders’ rights or foreclose the equity interest pledges according to the contractual arrangements may be impaired. If these disputes or proceedings were to impair our control over our VIE, we may not be able to maintain effective control over our business operations in the PRC and thus would not be able to continue to consolidate our VIE’ s financial results, which would in turn result in a material adverse effect on our business, operations and financial condition. In order to comply with PRC regulatory requirements, we operate our businesses through companies with which we have contractual relationships but in which we do not have controlling ownership. We do not have direct or indirect equity ownership of Dongfang Paper which operates a majority of our business. Although we have entered into contractual arrangements with Dongfang Paper and its individual owners pursuant to which we receive an economic interest in Dongfang Paper, and exert a controlling influence over Dongfang Paper, in a manner substantially similar to a controlling equity interest, these contractual arrangements are not as effective in providing control over Dongfang Paper as direct ownership. For example, Dongfang Paper may be unwilling or unable to perform their contractual obligations under our commercial agreements, including payment of consulting fees under the Exclusive Technical Service and Business Consulting Agreement as they become due. If that were to occur, we would not be able to conduct our operations in the manner currently planned. In addition, we may not succeed in enforcing our rights under the contractual arrangements insofar as our contractual rights and legal remedies under Chinese law may be inadequate. Furthermore, Dongfang Paper may seek to renew their agreements on terms that are disadvantageous to us. If we are unable to renew these agreements on favorable terms when these agreements expire, or to enter into similar agreements with other parties, we will lose control of Dongfang Paper. Because we rely on the consulting services agreement with Dongfang Paper for essentially all of our revenue and cash flows, any difficulty for Dongfang Paper to pay consulting fees to Baoding Shengde under the consulting agreement may have a material adverse effect on our operations. We are a holding company and currently conduct business through Dongfang Paper in China. As a result, we rely on payments from the consulting services agreement which forms a part of the contractual arrangements between Baoding Shengde and Dongfang Paper. Since Baoding Shengde is not a legal shareholder of Dongfang Paper under PRC statutes, the arrangement for Dongfang Paper to pay a substantial portion of its net income to Baoding Shengde may be challenged by the PRC government, which could prevent us from receiving required funds or making required payments to some of our service providers. If the PRC government determines that the contractual agreements constituting part of our VIE structure do not comply with applicable PRC regulations, or if these regulations change or are interpreted differently in the future, we may be unable to assert our contractual rights over the assets of the VIE, and our common stock may decline in value. Recently, the PRC government adopted a series of regulatory actions and issued statements to regulate business operations in China, including those related to variable interest entities. There are currently no relevant laws or regulations in the PRC that prohibit companies whose entity interests are within the PRC from listing on overseas stock exchanges. Although we believe that our corporate structure and contractual arrangements comply with current applicable PRC laws and regulations, in the event that PRC government determines that the contractual arrangements constituting part of our VIE structure do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, we may be unable to assert our contractual rights over the assets of the VIE, and our common stock may decline in value or be worthless. Additionally, our common stock may decline in value or become worthless if we are unable to assert our contractual control rights over the assets of our PRC Subsidiaries that conduct all or substantially all of our business operations. The contractual arrangements under a VIE Structure may not be as effective as direct ownership in respect of our relationship with the VIE, and thus, we may incur substantial costs to enforce the terms of the arrangements, which we may not be able to enforce at all. The contractual arrangements may not be as effective as direct ownership in respect of our relationship with the VIE. For example, the VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. If we had direct ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the VIE Agreements, we rely on the performance by the VIE and its shareholders of their obligations under the contracts to exercise control over the VIE. The shareholders of the consolidated VIE may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portions of our business through the contractual arrangements with the VIE. If the VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. For example, if the shareholders of the VIE refuse to transfer their equity interest in the VIE to us or our designee if we exercise the purchase option pursuant to the contractual arrangements, or if they otherwise act in

bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders' equity interests in the VIE, our ability to exercise shareholders' rights or foreclose the share pledge according to the contractual arrangements may be impaired. If these or other disputes between the shareholders of the VIE and third parties were to impair our relationship with the VIE, our ability to consolidate the financial results of the VIE would be affected, which would in turn result in a material adverse effect on the business, operations and financial condition. The shareholders of Dongfang Paper may have actual or potential conflicts of interests with us, which may adversely affect our business. As of the date of this annual report, we are not aware of any conflicts between the shareholders of the VIE and IT Tech Packaging. However, the shareholders of Dongfang Paper, the VIE, may have actual or potential conflicts of interest with IT Tech Packaging in the future. These shareholders may refuse to sign or breach, or cause the VIE to breach, or refuse to renew, the existing contractual arrangements IT Tech Packaging has with them and the VIE, which would have a material and adverse effect on IT Tech Packaging' ability to effectively control the VIE and receive economic benefits from them. For example, the shareholders may be able to cause IT Tech' agreements with the VIE to be performed in a manner adverse to IT Tech Packaging by, among other things, failing to remit payments due under the contractual arrangements to IT Tech Packaging on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of IT Tech Packaging or such conflicts will be resolved in IT Tech Packaging' s favor. Currently, IT Tech Packaging does not have any arrangements to address potential conflicts of interest between these shareholders and IT Tech Packaging. If we cannot resolve any conflict of interest or dispute between IT Tech Packaging and these shareholders, IT Tech Packaging would have to rely on legal proceedings, which could result in disruption of IT Tech Packaging' s business and subject IT Tech Packaging to substantial uncertainty as to the outcome of any such legal proceedings. Our Chairman, Chief Executive Officer and 5.3 % shareholder, Zhenyong Liu, owns 100 % of the equity interest in Dongfang Paper. Conflicts of interests between his duties to IT Tech and to Dongfang Paper may arise. We cannot assure you that when conflicts of interest arise, he will act in the best interests of IT Tech or that any conflict of interest will be resolved in our favor. These conflicts may result in management decisions that could negatively affect our operations and potentially result in the loss of opportunities. We may lose the ability to use and enjoy assets held by the VIE that are material to the operation of its business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding. As part of our contractual arrangements with the VIE, the entity holds certain assets that are material to the operation of our business, including permits, domain names and IP rights. If the VIE goes bankrupt and all or part of its assets become subject to liens or rights of third- party creditors, we may be unable to continue some or all of its business activities, which could adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIE may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If the VIE undergoes a voluntary or involuntary liquidation proceeding, the independent third party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could adversely affect our business, financial condition and results of operations. Our arrangements with Dongfang Paper and its shareholders may be subject to a transfer pricing adjustment by the PRC tax authorities which could have an adverse effect on our income and expenses. We could face material and adverse tax consequences if the PRC tax authorities determine that our contracts with Dongfang Paper and its shareholders were not entered into based on arm' s length negotiations. If the PRC tax authorities determine that these contracts were not entered into on an arm' s length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. Such an adjustment may require that we pay additional PRC taxes plus applicable penalties and interest, if any. We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the VIE, which could severely disrupt our business, render us unable to conduct some of our business operations and constrain our growth. IT Tech Packaging relies on contractual arrangements with the VIE to use, or otherwise benefit from, certain foreign restricted licenses and permits that it needs or may need in the future as its business continues to expand. The contractual arrangements contain terms that specifically obligate the VIE' s shareholders to ensure the valid existence of the VIE and restrict the disposal of material assets of the VIE. However, in the event the VIE' s shareholders breach the terms of these contractual arrangements and voluntarily liquidate the VIE, or the VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third- party creditors, or is otherwise disposed of without IT Tech' s consent, IT Tech may be unable to conduct its business operations or otherwise benefit from the assets held by the VIE, which could have an adverse effect on IT Tech' s business, financial condition and results of operations. Furthermore, if the VIE undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third- party creditors may claim rights to some or all of the assets of the VIE, thereby hindering IT Tech' s ability to operate its business. The exercise of our option to purchase part or all of the equity interests in Dongfang Paper under the Call Option Agreement might be subject to approval by the PRC government. Our failure to obtain this approval may impair our ability to substantially control Dongfang Paper and could result in actions by Dongfang Paper that conflict with our interests. Our Call Option Agreement with Dongfang Paper and its shareholders gives our Chinese subsidiary, Baoding Shengde or its designated entity or natural person, the option to purchase all or part of the equity interests in Dongfang Paper. The option may not be exercised by Baoding Shengde if the exercise would violate any applicable laws and regulations in China or cause any license or permit held by, and necessary for the operation of Dongfang Paper, to be cancelled or invalidated. Under the laws of China, if a foreign entity, through a foreign investment company that it invests in, acquires a domestic related company, China' s regulations regarding mergers and acquisitions may technically apply to the transaction. If these regulations apply, an examination and approval of the transaction by China' s Ministry of Commerce ("MOFCOM"), or its local counterparts would be required. In addition, an appraisal of the equity interest or the assets to be acquired would also be mandatory. Since the scope of business activities (making of cultural paper products) as defined in the business license of Baoding Shengde does not involve the MOFCOM approval and monitoring, we do not believe at this time that an approval or an appraisal is required for Baoding Shengde to exercise its option to acquire Dongfang Paper. In light of the different views on this issue, however, it is possible that

the central MOFCOM office in Beijing will issue a standardized opinion imposing the approval and appraisal requirement. If we are not able to purchase the equity of Dongfang Paper, then we will lose a substantial portion of our ability to control Dongfang Paper and our ability to ensure that Dongfang Paper will act in our interests. Our common stock may be delisted from the NYSE American under the Holding Foreign Companies Accountable Act if the PCAOB is unable to adequately inspect audit documentation located in China. The delisting of our common stock, or the threat of their being delisted, may materially and adversely affect the value of your investment. The HFCAA, was enacted on December 18, 2020. The HFCAA states if the SEC determines that a company has filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit such ordinary shares from being traded on a national securities exchange or in the over the counter trading market in the U. S. On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCAA. A company will be required to comply with these rules if the SEC identifies it as having a “ non- inspection ” year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCAA, including the listing and trading prohibition requirements described above. Furthermore, on June 22, 2021, the U. S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which was signed into law on December 29, 2022 amends the HFCAA and requires the SEC to prohibit an issuer’ s securities from trading on any U. S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three. On September 22, 2021, the PCAOB adopted a final rule implementing the HFCAA, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCAA Act, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. On December 2, 2021, the SEC issued amendments to finalize the interim final rules previously adopted in March 2021 to implement the submission and disclosure requirements in the HFCAA. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate completely because of a position taken by an authority in a foreign jurisdiction. On December 16, 2021, the PCAOB issued a Determination Report which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (1) mainland China of the PRC, because of a position taken by one or more authorities in mainland China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. The PCAOB has made such designations as mandated under the HFCAA. Pursuant to each annual determination by the PCAOB, the SEC will, on an annual basis, identify issuers that have used non- inspected audit firms and thus are at risk of such suspensions in the future. On August 26, 2022, the PCAOB signed the Protocol with the CSRC and the MOF of the People’ s Republic of China, governing inspections and investigations of audit firms based in mainland China and Hong Kong. The Protocol remains unpublished and is subject to further explanation and implementation. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and the unfettered ability to transfer information to the SEC. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB- registered public accounting firms headquartered in China mainland and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in China mainland and Hong Kong. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB- registered public accounting firms headquartered in China mainland and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor’ s, control. The PCAOB is continuing to demand complete access in China mainland and Hong Kong moving forward and is already making plans to resume regular inspections in early 2023 and beyond, as well as to continue pursuing ongoing investigations and initiate new investigations as needed. The PCAOB has indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. Therefore, the PCAOB may in the future determine that it is unable to inspect or investigate completely registered public accounting firms in mainland China and Hong Kong. Our auditor, GGF CPA Limited, the independent registered public accounting firm that issued the audit report included in our annual report, an auditor of companies that are traded publicly in the United States and a China- based accounting firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. However, our auditor’ s working papers related to us and the consolidated VIE and its subsidiary are located in China. If our auditor is not permitted to provide requested audit work papers located in China to the PCAOB, investors would be deprived of the benefits of PCAOB’ s oversight of our auditor through such inspections which could result in limitation or restriction to our access to the U. S. capital markets, and trading of our securities may be prohibited under the HFCAA, which would result in the delisting of our securities from the NYSE American. If we fail to comply with Section 404 of the Sarbanes- Oxley Act of 2002 in a timely manner, our business could be harmed and our stock price could decline. Rules adopted by the SEC pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 require annual assessment of U. S. public companies’ internal control over financial reporting. The standards that must be met for management to assess the internal control over financial reporting as effective are complex, and require significant documentation, testing and possible remediation to meet the detailed standards. While we have not detected any significant deficiency or material weakness in our internal control and with respect to the assessment of the internal control for the year ended December 31, ~~2023~~ **2024**, we cannot guarantee the implementation of controls and procedures in future years to be without any significant deficiency or material weakness. If we become directly subject to the scrutiny involving U. S. listed Chinese companies, we may have to expend significant resources to investigate and / or defend the matter, which could harm our business operations, stock price and reputation. U. S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny by investors, financial commentators and regulatory agencies. Much of the scrutiny has centered around financial and

accounting irregularities and mistakes, a lack of effective internal controls over financial reporting and, in many cases, allegations of fraud. As a result of the scrutiny, the publicly traded stock of many U. S. listed China- based companies that have been the subject of such scrutiny has sharply decreased in value. Many of these companies are now subject to shareholder lawsuits and / or SEC enforcement actions that are conducting internal and / or external investigations into the allegations. If we become the subject of any such scrutiny, whether any allegations are true or not, we may have to expend significant resources to investigate such allegations and / or defend our company. Such investigations or allegations will be costly and time- consuming and distract our management from our business plan and could result in our reputation being harmed and our stock price could decline as a result of such allegations, regardless of the truthfulness of the allegations. Our officers and directors control us through their positions and stock ownership and their interests may differ from other stockholders. As of ~~March 27~~ **April 11**, ~~2024~~ **2025**, there were 10, 065, 920 shares of our common stock issued and outstanding. Mr. Zhenyong Liu, our Chief Executive Officer, beneficially owns approximately 5. 3 % of our common stock. As a result, he is able to influence the outcome of stockholder votes on various matters, including the election of directors and extraordinary corporate transactions including business combinations. Yet Mr. Liu' s interests may differ from those of other stockholders. Furthermore, ownership of 5. 3 % of our common stock by Mr. Liu reduces the public float and liquidity, and may affect the market price, of our common stock as traded on the NYSE American. We may not continue to pay cash dividends and any return on investment may be limited to the value of our common stock. While we intend to retain the majority of any future earnings for use in the operation and expansion of our business, we did declare four quarterly cash dividends in April 2012 and November 2013. Although it is likely that our Board of Directors will continue the quarterly cash dividend as a regular dividend policy in the coming years, there is no guarantee that the cash dividend will not be discontinued or reduced. Should we decide to continue the cash dividend, as a holding company, our ability to pay dividends and meet other obligations depends upon the receipt of dividends or other payments from our operating subsidiaries. In addition, our operating subsidiaries, from time to time, may be subject to restrictions on their ability to make distributions to us, including restrictions on the conversion of local currency into U. S. dollars or other hard currency and other regulatory restrictions. Our common stock may be affected by limited trading volume and may fluctuate significantly. Our common stock is traded on the NYSE American. Although a trading market has developed for our common stock, there can be no assurance that the trading market for our common stock will be sustained. Failure to maintain a trading market for our common stock may adversely affect our shareholders' ability to sell our common stock in short time periods, or at all. Our common stock has experienced, and may experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock. Future financings may dilute stockholders or impair our financial condition. In the future, we may need to raise additional funds through public or private financing, which might include the sale of equity securities. The issuance of equity securities could result in financial and voting dilution to our existing stockholders. The issuance of debt could result in effective subordination of stockholders' interests to the debt, create the possibility of default, and limit our financial and business alternatives. **44**