ANNUAL REPORT 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________to ______________

Commission file number 001-34577

IT TECH PACKAGING, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-4158835**
State or other jurisdiction of Incorporation or organization	*(I.R.S. Employer Identification No.)*

Science Park, Juli Road,
Xushui District, Baoding City
Hebei Province, The People's Republic of China 072550
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(86) 312-8698215**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ITP	NYSE American

Securities registered pursuant to section 12(g) of the Act:

Common Stock
(Title of class)

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

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

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

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

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

Large accelerated filer ☐	Smaller reporting company ☒
Non-accelerated filer ☒	Emerging growth company ☐
Accelerated filer ☐	

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting common stock of the registrant held by non-affiliates as of June 28, 2024 was approximately $2,190,567 based upon 9,524,204 shares of common stock held by non-affiliates and the closing price of the common stock of $0.23 per share on June 28, 2024.

As of April 11, 2025, there were 10,065,920 shares of the registrant's common stock, par value $0.001, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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INTRODUCTION

All references to "we," "us," "our," or similar terms used in this annual report refer to IT Tech Packaging, Inc., a Nevada corporation, including its wholly-owned subsidiaries, and, in the context of describing our operations and consolidated financial information, our variable interest entity in China, Hebei Baoding Dongfang Paper Milling Company Limited, or Dongfang Paper. "IT Tech Packaging" refers to IT Tech Packaging, Inc. "VIE" or "Dongfang Paper" refers to our variable interest entity in China. "Baoding Shengde" refers to our wholly-owned subsidiary, Baoding Shengde Paper Co., Ltd, a PRC company. "Qianrong", refers to our indirect wholly-owned subsidiary, QianrongQianhui Hebei Technology Co., Ltd, a PRC company. "Tengsheng Paper" refers to the subsidiary of Dongfang Paper, Hebei Tengsheng Paper Co., Ltd., a PRC company.

All references to "PRC" or "China" refers to the People's Republic of China, including, for the purpose of this annual report, Taiwan, Hong Kong and Macau; all references to "RMB" or "Renminbi" refer to the legal currency of China; all references to "US$," "dollars," "U.S. dollars" and "$" refer to the legal currency of the United States.

This annual report on Form 10-K includes our audited consolidated statements of income and comprehensive income and our audited consolidated balance sheets as of December 31, 2024 and 2023.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements." These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terms such as "may," "will," "expects," "anticipates," "future," "intend," "plan," "believe," "estimate," "is/are likely to" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, our anticipated revenues from the corrugating medium paper business segment and offset printing paper business, our ability to implement the planned capacity expansion of tissue paper, our ability to introduce new products, market acceptance of new products, general economic and business conditions, the ability to attract or retain qualified senior management personnel and research and development staff, and those specifically addressed under the headings "Risks Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The forward-looking statements made in this annual report relate only to events as of the date on which the statements are made. We undertake no obligation, beyond any than as required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even though our situation changes in the future.

We operate in an emerging and evolving environment. New risk factors emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

PART I

ITEM 1. BUSINESS

IT Tech Packaging, Inc. (the "Company," "IT Tech Packaging," or "ITP") is not an operating company but a Nevada holding company with operations primarily conducted by its subsidiaries and through contractual arrangements with Hebei Baoding Dongfang Paper Milling Company Limited, a People's Republic of China company ("Dongfang Paper"), the variable interest entity, or VIE, based in China. IT Tech Packaging operated its business in China through its wholly-owned PRC subsidiaries, namely Baoding Shengde Paper Co., Ltd., a People's Republic of China company ("Baoding Shengde") and QianrongQianhui Hebei Technology Co., Ltd., a People's Republic of China company ("Qianrong") (together with Baoding Shengde, the "PRC Subsidiaries"), and Dongfang Paper, which we refer to as our VIE in this annual report, and rely on contractual arrangements that establish the VIE structure among Baoding Shengde, the VIE and VIE's shareholders to operate our business in China.

IT Tech Packaging is a Nevada holding company with no operations of its own. Operations in China are primarily conducted through Dongfang Paper, the consolidated VIE. Dongfang Paper is consolidated for accounting purposes but is not an entity in which you own equity.

Investors in our common stock should be aware that they may never directly hold equity interests in the Chinese operating entities, but rather purchasing equity solely in IT Tech Packaging Inc., our Nevada holding company, which does not directly own substantially all of our business in China conducted by our PRC Subsidiaries and VIE. As a holding company with no material operations of our own, we conduct our operations through the VIE established in the PRC. We do not have any equity ownership of the VIE; instead, we control and receive the economic benefits of the VIE's business operations through the VIE Agreements, and we consolidate the VIE for accounting purposes only because we met the conditions under the U.S. GAAP to consolidate the VIE. The VIE Agreements are used to provide contractual exposure to foreign investment in China-based companies where Chinese law prohibits direct foreign investment in the Chinese operating companies. Pursuant to the VIE Agreements, the VIE pays service fees equal to 80% of its total annual net profits to Baoding Shengde, while Baoding Shengde has the power to direct the activities of the VIE that can significantly impact the VIE's economic performance and has the right to receive substantially all of the economic benefits of the VIE. Such contractual arrangements are designed so that the operations of the VIE are solely for the benefit of Baoding Shengde and ultimately, ITP. As such, under the U.S. GAAP, ITP is deemed to have a controlling financial interest in, and be the primary beneficiary of, the VIE for accounting purposes and must consolidate the VIE.

As a result of the prohibitions on direct investments by foreign enterprises, we conduct our production and distribution of paper products and medical face masks in China primarily through a series of VIE Agreements among Baoding Shende, the VIE and the VIE's shareholders. Substantially all of the VIE's operations are conducted in China in the paper making industry, over which the Chinese government exercises significant oversight and discretion. Due to PRC legal restrictions on foreign ownership in the paper making industry, ITP is unable to own any equity interest in the consolidated VIE. The VIE structure is used to provide investors with exposure to foreign investment in China-based companies where PRC laws restrict direct foreign investment in certain aspects of the paper making industry in which the VIE operates. As a result, you are not directly investing in and may never hold equity interests in the VIE in China. The VIE structure involves unique risks to investors. The VIE Agreements have not been tested in a court of law and may not be effective in providing control over the VIE as would direct equity ownership. We are subject to risks due to the uncertainty of the interpretation and application of the laws and regulations of the PRC regarding the consolidated VIE and the VIE structure, including, but not limited to, regulatory review of overseas listing of PRC companies through a special purpose vehicle and the validity and enforcement of the contractual arrangements with the consolidated VIE. We are also subject to the risk that the Chinese regulatory authorities could disallow the VIE structure, which could result in a material change in the operations of us, the consolidated VIE and the value of ITP's securities could decline or become worthless.

We have evaluated the guidance in FASB ASC 810 and determined that the Baoding Shengde is the primary beneficiary of the VIE that is party to the relevant VIE Agreements for accounting purposes, because, pursuant to the VIE Agreements, shareholders of the VIE lack the right to receive any expected residual returns from the VIE, shareholders of the VIE lack the ability to make decisions about the activities of the VIE that have a significant effect on their operation and substantially all of the VIE's businesses are conducted on behalf of ITP or its subsidiaries. Such contractual arrangements are designed so that the operations of the VIE are solely for the benefit of Baoding Shengde and, ultimately, ITP. ITP has indirect ownership in 100% of the equity in Baoding Shengde. Accordingly, under U.S. GAAP, we treat the VIE as a consolidated affiliated entity and have consolidated its financial results in our financial statements. As used in this annual report, "we," "ITP," "us," "our company" and "our" refers to ITP and its subsidiaries, and, in the context of describing the operations and consolidated financial information, "we, the consolidated VIE and its subsidiary".

We are also subject to legal and operational risks associated with being based in and having the majority of the Company's operations in China. These risks may result in a material change in our operations, or a complete hindrance of our ability to offer or continue to offer our securities to investors, and could cause the value of such securities to significantly decline or become worthless. Recently, the PRC government initiated a series of regulatory actions and made a number of public statements on the regulation of 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 a VIE structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement. We do not believe that these regulatory actions or statements impact our ability to conduct our business, accept foreign investments, or list on a U.S. or other foreign exchange. But because these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation making bodies in China will respond to them, or what existing or new laws or regulations will be modified or promulgated, if any, or the potential impact such modified or new laws and regulations will have on the consolidated VIE's daily business operations or ITP's ability to accept foreign investments and remain listed on the NYSE American. For a description of relevant risks related to our corporate structure, see "*Risk Factors — Risks Relating to Doing Business in China" and "Risk Factors — Risks Relating to Our Corporate Structure.*"

Corporate History

IT Tech Packaging was incorporated in the State of Nevada on December 9, 2005, under the name "Carlateral, Inc." Through the steps described below, we became the holding company with operations primarily conducted by our subsidiaries and our VIE, Dongfang Paper, a producer and distributor of paper products in China, on October 29, 2007. Effective on August 1, 2018, we changed our corporate name to "IT Tech Packaging, Inc." The name change was effected through a parent/subsidiary short-form merger of IT Tech Packaging, Inc., our wholly-owned Nevada subsidiary formed solely for the purpose of the name change, with and into us. We were the surviving entity. In connection with the name change, our common stock began being traded under a new NYSE symbol, "ITP," at such time.

On October 29, 2007, pursuant to an agreement and plan of merger (the "Merger Agreement"), the Company acquired Dongfang Zhiye Holding Limited ("Dongfang Holding"), a corporation formed on November 13, 2006 under the laws of the British Virgin Islands, and issued the shareholders of Dongfang Holding an aggregate of 7,450,497 shares of our common stock (as adjusted for a four-for-one reverse stock split effected in November 2009), which shares were distributed pro-rata to the shareholders of Dongfang Holding in accordance with their respective ownership interests in Dongfang Holding. At the time of the Merger Agreement, Dongfang Holding owned all of the issued and outstanding stock and ownership of Dongfang Paper and such shares of Dongfang Paper were held in trust with Zhenyong Liu, Xiaodong Liu and Shuangxi Zhao, for Mr. Zhenyong Liu, Mr. Xiaodong Liu and Mr. Zhao (the original shareholders of Dongfang Paper) to exercise control over the disposition of Dongfang Holding's shares in Dongfang Paper on Dongfang Holding's behalf until Dongfang Holding successfully completed the change in registration of Dongfang Paper's capital with the relevant PRC Administration of Industry and Commerce as the 100% owner of Dongfang Paper's shares. As a result of the merger transaction, Dongfang Holding became a wholly owned subsidiary of the Company, and Dongfang Holding's wholly owned subsidiary, Dongfang Paper, became an indirectly owned subsidiary of the Company.

Dongfang Holding, as the 100% owner of Dongfang Paper, was unable to complete the registration of Dongfang Paper's capital under its name within the proper time limits set forth under PRC law. In connection with the consummation of the restructuring transactions described below, Dongfang Holding directed the trustees to return the shares of Dongfang Paper to their original shareholders, and the original Dongfang Paper shareholders entered into certain agreements with Baoding Shengde Paper Co., Ltd. ("Baoding Shengde") to transfer the control of Dongfang Paper over to Baoding Shengde.

On June 24, 2009, the Company consummated a number of restructuring transactions pursuant to which it acquired all of the issued and outstanding shares of Shengde Holdings Inc., a Nevada corporation. Shengde Holdings Inc. was incorporated in the State of Nevada on February 25, 2009, and holds a wholly-owned subsidiary, Baoding Shengde, a limited liability company organized under the laws of the PRC on June 1, 2009. Because Baoding Shengde is a wholly-owned subsidiary of Shengde Holdings Inc., it is regarded as a wholly foreign-owned entity under PRC law.

Effective June 24, 2009, Baoding Shengde, Dongfang Paper and the original shareholders of Dongfang Paper entered into a number of contractual arrangements, as subsequently amended on February 10, 2010, pursuant to which Baoding Shengde acts as the management company for Dongfang Paper, and Dongfang Paper conducts the principal operations of the business. The contractual arrangements, as amended, effectively transferred the preponderance of the economic benefits of Dongfang Paper to Baoding Shengde, and as a result, Baoding Shengde assumed effective control and management over, is considered the primary beneficiary of Dongfang Paper for accounting purposes and we consolidate Dongfang Paper's operating results in IT Tech Packaging's financial statements under U.S. GAAP. The contractual arrangements, as amended, include the following:

(i) Exclusive Technical Service and Business Consulting Agreement

The exclusive technical service and business consulting agreement, entered into by and between Baoding Shengde and Dongfang Paper, provides that Baoding Shengde shall provide exclusive technical, business and management consulting services to Dongfang Paper, in exchange for service fees including a fee equivalent to 80% of Dongfang Paper's total annual net profits. The agreement is terminable upon mutual written agreement.

(ii) Call Option Agreement

The call option agreement, entered into by and between Baoding Shengde, Dongfang Paper and the shareholders of Dongfang Paper, provides that the shareholders of Dongfang Paper irrevocably grant to Baoding Shengde an option to purchase all or part of each shareholder's equity interest in Dongfang Paper. The exercise price for the options shall be RMB yuan for each of the shareholders' equity interests, or if at any time there are PRC laws regulating the minimum exercise price of such options, then to the extent permitted under PRC Law. The call option agreement contains covenants from Dongfang Paper and its shareholders that they will refrain from taking certain actions without

Baoding Shengde's consent that would materially affect Dongfang Paper's operations and asset value, including (i) supplementing or amending its articles of association or bylaws, (ii) changing Dongfang Paper's registered capital or shareholding structure, (iii) selling, transferring, mortgaging or disposing of any interests in Dongfang Paper's assets or income, or encumbering Dongfang Paper's assets or income in a way that would approve a security interest on such assets, (iv) incurring or guaranteeing any debts not incurred in its normal business operations, (v) entering into any material contract or urging Dongfang Paper management to dispose of any Dongfang Paper assets, unless it is within the company's normal business operations; (vi) providing any loan or guarantee to any third party; (vii) appointing or removing any management personnel or directors that can be changed upon Dongfang Paper shareholder approval; (viii) declaring or distributing any dividends to the stockholders. The agreement remains effective until Baoding Shengde or its designees have acquired 100% of the equity interests of Dongfang Paper underlying the options.

(iii) Share Pledge Agreement

The share pledge agreement entered into by and between Baoding Shengde, Dongfang Paper and the shareholders of Dongfang Paper, provides that the Dongfang Paper shareholders will pledge all of their equity interests in Dongfang Paper to Baoding Shengde as security for their obligations under the other management agreements described in this section. Specifically, Baoding Shengde is entitled to dispose of the pledged equity interests in the event that the Dongfang Paper shareholders or Dongfang Paper fails to pay the service fees to Baoding Shengde pursuant to the exclusive technical service and business consulting agreement or fails to perform their other obligations under the other management agreement. The agreement contains covenants from Dongfang Paper's shareholders that they will refrain from taking certain actions without Baoding Shengde's prior written consent, such as transferring or assigning their equity interests, or creating or permitting the creation of any pledges which may have an adverse effect on the rights or benefits of Baoding Shengde under the agreement. The Dongfang Paper shareholders also promise to comply with the laws and regulations relevant to the pledges under the agreement and to facilitate in good faith the protection of the ability of Baoding Shengde to exercise its rights under the agreement. The terms of the share pledge agreement remains in effect until all the obligations under the other management agreements have been fulfilled, whether or not the terms of the other management agreements have expired.

(iv) Proxy Agreement

The proxy agreement, entered into by and between Baoding Shengde, Dongfang Paper and the shareholders of Dongfang Paper, provides that the Dongfang Paper shareholders shall irrevocably entrust a designee of Baoding Shengde with such shareholder's voting rights and the right to represent such shareholder to exercise his or her rights at any shareholder's meeting of Dongfang Paper or with respect to any shareholder action to be taken in accordance with the laws and Dongfang Paper's Articles of Association. The terms of the agreement are binding on the parties for as long as the Dongfang Paper shareholders continue to hold any equity interest in Dongfang Paper. Dongfang Paper shareholder will cease to be a party to the agreement once it transfers its equity interests with the prior approval of Baoding Shengde.

On June 24, 2009, Zhao Tianqing, the sole shareholder of Shengde Holdings Inc., assigned to the Company, for good and valuable consideration, 100 shares representing 100% of the issued and outstanding shares of Shengde Holdings Inc. As a result of this assignment and the restructuring transactions described above, Shengde Holdings Inc., Baoding Shengde, and Dongfang Paper became directly and indirectly controlled by the Company, and Dongfang Paper continued to function as the Company's operating entity.

In addition to controlling the operations and beneficial ownership of Dongfang Paper, Baoding Shengde also acquired a digital photo paper production line (including two photo paper coating lines and ancillary equipment) in an asset acquisition transaction on November 25, 2009 and began directly conducting business in the PRC. We suspended production of photo paper in June 2016 and now are upgrading the production line to produce more competitive photo paper products.

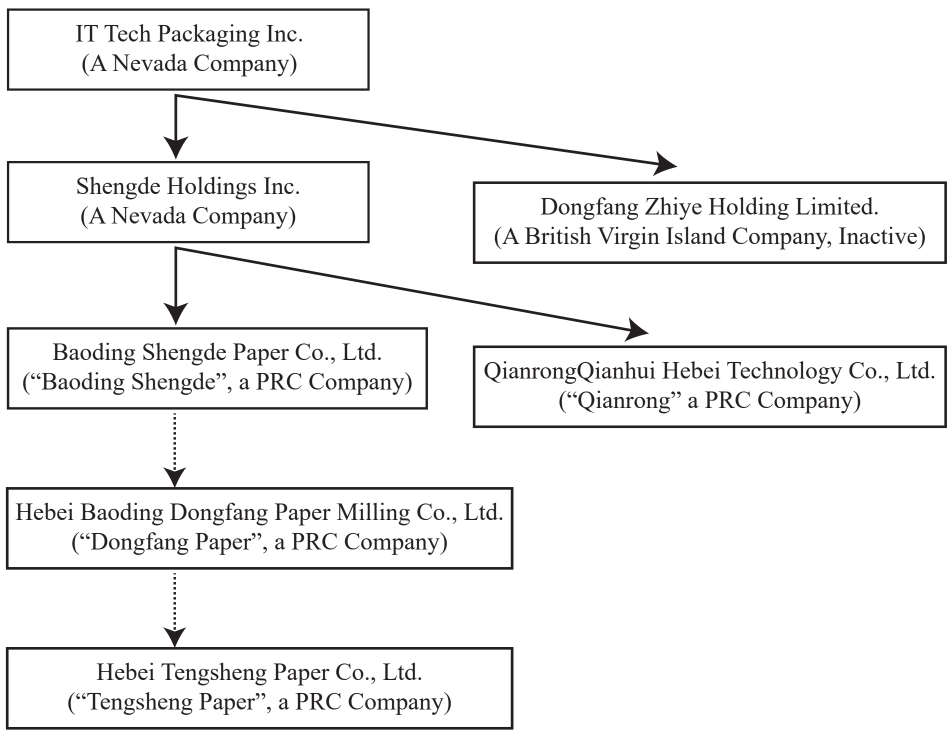
An agreement was entered into among Baoding Shengde, Dongfang Paper and the shareholders of Dongfang Paper on December 31, 2010, reiterating that Baoding Shengde is entitled to the distributable profit of Dongfang Paper, pursuant to the above mentioned Exclusive Technical Service and Business Consulting Agreement. In addition, Dongfang Paper and the shareholders of Dongfang Paper agreed that they would not declare any of Dongfang Paper's unappropriated earnings, including any earnings of Dongfang Paper from its establishment to 2010 and thereafter, as dividend.

The contractual agreements described above have not been tested in a court of law.

The diagram below illustrates our corporate structure and contractual arrangements with respect to each of our subsidiaries and consolidated VIE and the place of incorporation of each named entity as of the date of this annual report:

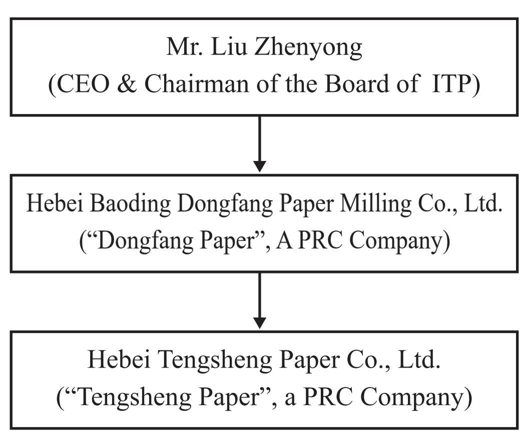
→ 100% ownership

⇢ Controlled by contractual agreements



The following diagram sets forth the current ownership of Dongfang Paper:

→ 100% ownership



Our subsidiaries and the VIE in which our operations are conducted include:

- Baoding Shengde Paper Co., Ltd. ("Baoding Shengde") is a PRC entity that is 100% indirectly owned by the Company. Baoding Shengde has entered into VIE agreements with the VIE identified below.
- Each of the following, which are PRC companies that are consolidated with the Company:
  1. Hebei Baoding Dongfang Paper Milling Co., Ltd. ("Dongfang Paper") is a PRC entity that entered into VIE Agreements with Baoding Shengde; Dongfang Paper is the VIE.
  2. Hebei Tengsheng Paper Co., Ltd. ("Tengsheng") is a PRC entity that is 100% owned by Dongfang Paper.
- QianrongQianHui Hebei Technology Co., Ltd. ("Qianrong") is a PRC entity, incorporated on July 15, 2021, that is 100% indirectly owned by the Company.
- Shengde Holdings Inc., a Nevada company and our wholly-owned U.S. subsidiary, and Dongfang Zhiye Holding Limited, a British Virgin Islands company, are subsidiaries outside of China. Dongfang Zhiye Holding Limited has been inactive since 2010.

Recent Regulatory Developments

On January 4, 2022, the Cyberspace Administration of China, or CAC, issued the revised Measures on Cyberspace Security Review (the "Revised Measures"), which came into effect on February 15, 2022. Under the Revised Measures, any "network platform operator" 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 "network platform operator" who control over one million personal information as mentioned above; as such, we believe we are currently not be subject to the cybersecurity review by the CAC. However, the definition of "network platform operator" is unclear and it is also unclear on how it will be interpreted and implemented by the relevant PRC governmental authorities. See "*Risk factors — Risk Factors Relating to Doing Business in China — Our business may be subject to a variety of PRC laws and other obligations regarding cybersecurity and data protection.*"

On July 6, 2021, the relevant PRC governmental authorities made public the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As these opinions are recently issued, official guidance and related implementation rules have not been issued yet and the interpretation of these opinions remains unclear at this stage. See "*Risk Factors — Risk Factors Relating to Doing Business in China — 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.*" As of the date of this annual report, we have not received any inquiry, notice, warning, or sanctions regarding listing abroad or offshore offering from the CSRC or any other PRC governmental authorities.

Based on our understanding of the current PRC law, we believe that we are currently not required to obtain any permission or approval from the China Securities Regulatory Commission ("CSRC") and Cyberspace Administration of China ("CAC") in the PRC to issue securities to foreign investors or continue listing of our company's securities on the NYSE American. However, there is no guarantee that this will continue to be the case in the future in relation to any future offerings of our company or the continued listing of our company's securities on the NYSE American, or even in the event such permission or approval is required and obtained, it will not be subsequently revoked or rescinded. 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 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.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies (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. 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. As a listed company, we believe that we, all of 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 business of the consolidated VIE and its subsidiary as of the date of this annual report. In addition, to date, none of us, our PRC Subsidiaries, the consolidated VIE and its subsidiary has received any filing or compliance requirements from CSRC for the listing of the Company at NYSE American and all of its overseas offerings. Furthermore, based on our understanding of the current PRC laws, we believe that the CSRC's approval is not required to be obtained for the Company's listing on NYSE American; however, there are substantial uncertainties regarding the interpretation and application of the Regulation on Mergers and Acquisitions of Domestic Companies by Foreign Investors ("M&A Rules"), other PRC Laws and future PRC laws and regulations, and there can be no assurance that any governmental agency will not take a view that is contrary to or otherwise different from our belief stated herein. 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*"

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.

Consolidation

We conduct substantially all of our business in China through contractual arrangements with Dongfang Paper, the VIE, due to PRC legal restrictions of foreign ownership in certain sectors. Substantially most of IT Tech Packaging's revenues, costs and net income in China are directly or indirectly generated through the VIE. IT Tech Packaging, through Baoding Shengde, has signed various agreements with the VIE and shareholders of the VIE to allow the transfer of economic benefits from the VIE to Baoding Shengde and to direct the activities of the VIE.

Total assets and liabilities presented on IT Tech Packaging's consolidated balance sheets and revenue, expense, net income presented on consolidated statement of operations and comprehensive income as well as the cash flow from operating, investing and financing activities presented on the consolidated statement of cash flows are substantially the financial position, operation and cash flow of the VIE. As of December 31, 2024, our variable interest entity accounted for an aggregate of 96.07% and 78.97% of our total assets and total liabilities. As of December 31, 2023, our variable interest entity accounted for an aggregate of 94.81% and 75.92% of our total assets and total liabilities. As of December 31, 2024 and 2023, $6,948,799 and $3,705,111 of cash and cash equivalents were denominated in RMB, respectively.

IT Tech Packaging and its directly owned subsidiary, Shengde Holding, do not have any substantial assets or liabilities or result of operations. The following table sets forth the assets, liabilities, results of operations and changes in cash, cash equivalents of the VIE, which were included in the Company's consolidated balance sheets and statements of comprehensive income and statements of cash flows with intercompany transactions eliminated:

	As of	
	December 31, 2024	December 31, 2023
Current assets	$ 27,446,794	$ 26,317,876
Total non-current assets	$143,124,531	$158,555,747
Total Assets	$170,571,325	$184,873,623
Total liabilities	$ 16,976,765	$ 20,084,995

	For the Fiscal Year Ended December 31,	
	2024	2023
Net cash provided by operating activities	$ 5,779,834	$ 17,444,376
Net cash used in investing activities	$ (329,611)	$(22,239,297)
Net cash (used in) provided by financing activities	$(2,529,263)	$ 3,965,631

Distributions and Other Transfers of Cash through our Organization

We are a holding company, although other means are available for us to obtain financing at the holding company level, we may receive dividends and other distributions on equity 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. Our PRC Subsidiaries, consolidated VIE and its subsidiary in China are subject to restrictions on making dividends and other payments to us. Baoding Shengde's income in turn depends on the service and other fees paid by the consolidated VIE and its subsidiary. ITP, its subsidiaries, the consolidated VIE and its subsidiary may also transfer cash to each other as part of the group cash management. If any of our subsidiaries, the consolidated VIE and its subsidiary 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 in China 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.

IT Tech Packaging conducts its business operations in China through its PRC Subsidiaries and Dongfang Paper, the VIE. If needed, IT Tech Packaging can transfer cash to the PRC Subsidiaries through loans and/or capital contributions, and the PRC Subsidiaries can transfer cash to IT Tech Packaging through issuing dividends or other distributions. The PRC Subsidiaries can transfer cash to the VIE through intercompany loans and capital contributions, and the VIE can transfer cash to the PRC Subsidiaries as services fees under the VIE contractual arrangements. For the year ended December 31, 2024, the major cash flows occurred between IT Tech Packaging, its subsidiaries and the VIE included (i) loans in the total amount of $1,059,480 provided by Dongfang Paper to Baoding Shengde; and (ii) repayment of shareholder loans in the total amount of $727,433 on behalf of IT Tech Packaging Inc. We do not have an established cash management policy that dictates how funds are transferred between us, our subsidiaries, consolidated VIE and its subsidiary. We do not, at this time, intend to distribute earnings or settle amounts owed under the VIE Agreements.

Current PRC regulations permit the PRC Subsidiaries to pay dividends to its shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. The PRC Subsidiaries are required to set aside 10% of its after-tax profits to fund a statutory reserve until such reserve reaches 50% of its registered capital if it distributes its after-tax profits for the current financial year. For details, see "*Risk Factors — Risk Factors Relating to Doing Business in China — 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.*" In addition, cash transfers from IT Tech Packaging are subject to applicable PRC laws and regulations on loans and direct investment. For details, see "*Risk Factors — Risk Factors Relating to Doing Business in China — 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.*"

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. IT Tech Packaging receives a significant portion of its revenues in Renminbi. Under IT Tech Packaging's current corporate structure, IT Tech Packaging's Nevada holding company may rely on dividend payments from the PRC Subsidiaries to fund any cash and financing requirements it 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 State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. 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 the 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. 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 its shareholders. See "*Risk Factors — Risk Factors Relating to Doing Business in China — Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment*". In order to secure the amounts owed under the VIE agreements, the VIE and its shareholders entered into a share pledge agreement with Baoding Shengde, pursuant to which if the VIE fails to pay the service fees to the Baoding Shengde pursuant to the exclusive technical service and business consulting agreement or fails to perform their other obligations under the other management agreement, Baoding Shengde is entitled to dispose of the pledged equity interests in the VIE.

IT Tech Packaging declared and paid four quarterly cash dividends to its U.S. investors in April 2012 and November 2013. As of the date of this annual report, other than those cash dividends, none of IT Tech Packaging's subsidiaries have ever issued any dividends or made other distributions to IT Tech Packaging or their respective holding companies nor has IT Tech Packaging or any of IT Tech Packaging's subsidiaries ever paid dividends or made other distributions to U.S. investors. IT Tech Packaging currently intend to retain all future earnings to finance its operations and to expand its business. As a result, IT Tech Packaging does not expect to pay any cash dividends in the foreseeable future.

Holding Foreign Company Accountable Act ("HFCAA")

Our common stock may be delisted from the NYSE American under the Holding Foreign Companies Accountable Act ("HFCAA"), if the PCAOB is unable to adequately inspect audit documentation located in China, or investigate our auditor. 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. Our auditor, GGF CPA Limited, is a China-based accounting firm registered with the PCAOB, and 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. 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 in the future may determine that it is unable to inspect or investigate completely registered public accounting firms in mainland China and Hong Kong. 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.

See "*Risk Factors — Risks Associated with Our Company — 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.*"

SUMMARY OF RISK FACTORS

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.

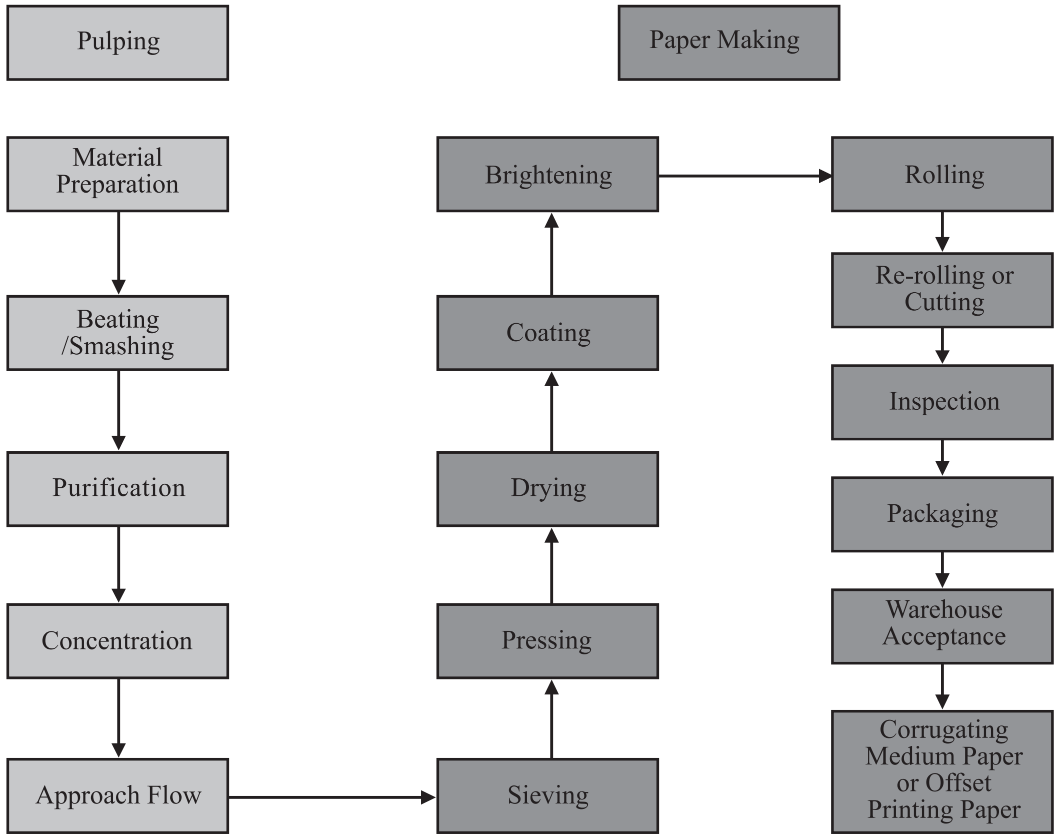
Pulping

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, 2024, corrugating medium paper comprised approximately 100% of our total paper production quantities and roughly 99.82% 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. Production of offset printing paper was suspended during the year ended December 31, 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 announced we planned the commercial launch of a new tissue paper production line PM10 and we entered into an agreement to purchase paper machine with paper machine supplier. We expected the new tissue paper production line to be launched after the completion of trial run. The machine supplier was delayed because the supplier extended the production schedule. We are closely following up the provider for further actions. Tissue paper production was suspended during the year ended December 31, 2024.

Face Masks

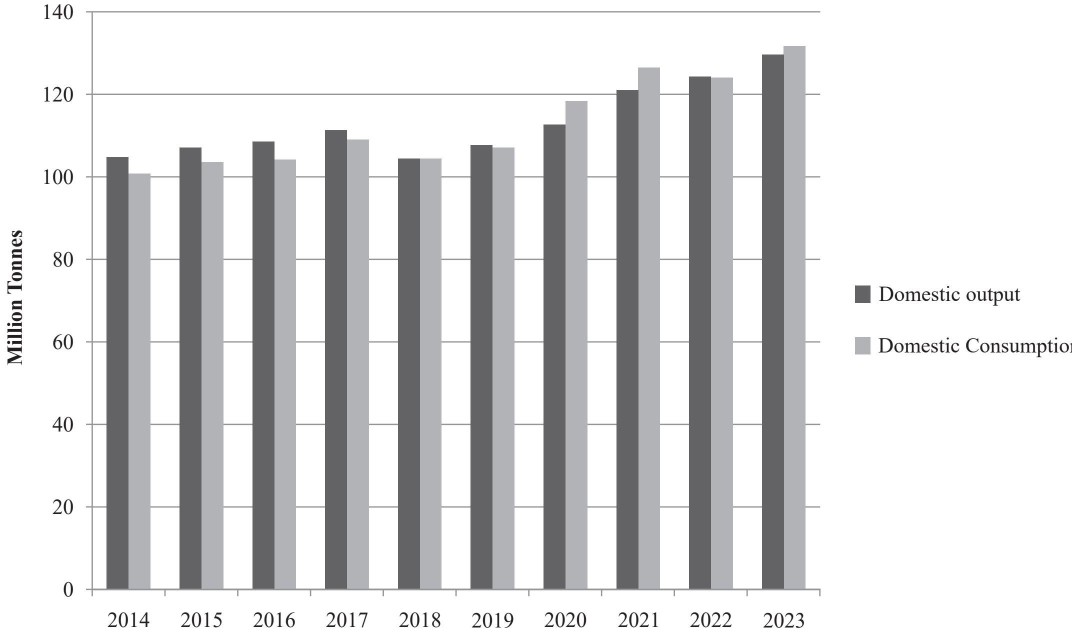
On April 29, 2020, we launched a production line of non-medical single-use face masks, following the completion of raw materials preparation, trial run of the equipment and the sample products inspection. In May 2021, the Company obtained the license for its new single-use surgical masks from local food 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 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 in 2022. Total domestic consumption was 131.65 million tonnes in 2023, up by 6.14% from 124.03 million tonnes in 2022.

The output of paper and paper board maintained an average growth rate of approximately 2.40% during the ten-year period from 2014 to 2023, while consumption increased at an average annual rate of 3.02%. 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: 2023 Annual Report of China Paper Manufacturing, May 2024,China Paper Association)*



Unit: Million tons

Data source: 2023 Annual Report of China's Paper Industry, May 2024, China Paper Association

Corrugating medium paper production in China totaled 29.15 million tonnes in 2023, a 5.23% increase from 2022. Consumption of corrugating medium paper in China amounted to 32.72 million tonnes in 2023, an increase of 8.70% as compared to 2022.

Uncoated offset printing paper production in China totaled 18.05 million tonnes in 2023, a 4.03% increase from 2022. Consumption of uncoated offset printing paper in China amounted to 17.11 million tonnes in 2023, an increase of 1.97% as compared to 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 (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.

Province	2023 Capacity (10k tonnes)	2022 Capacity (10k tonnes)	% Change
Shandong	2,150	2,015	6.70
Guangdong	2,113	1,969	7.31
Jiangsu	1,417	1,373	3.20
Zhejiang	1,213	1,193	1.68
Fujian	869	821	5.85
Henan	706	715	(1.26)
Guangxi	660	559	18.07
Hubei	645	592	8.95
Hebei	432	378	14.29
Chongging	351	408	(13.97)

Data Sources: 2023 Annual Report of China's Paper Industry, May 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 2024 was primarily derived from customers in Hebei Province and Shandong Province.

For the year ended December 31, 2024, 10 major customers who individually accounted for more than 5% of our total sales revenue are as follows:

	2024 Sales Amount (USD$, net of applicable VAT)	% of Total Revenue
Company A (Hebei)	5,872,762	7.74%
Company B (Hebei)	5,630,649	7.42%
Company C (Shandong)	5,617,724	7.41%
Company D (Tianjin)	5,562,521	7.33%
Company E (Tianjin)	5,561,284	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	5.03%
Total Major Customers	**48,236,923**	**63.59%**

All of our top-ten customers of 2024 are also in the top-ten customer list in 2023.

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, 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:

PM#	Paper Product Produced	Designed Capacity (tonnes/year)	Owned by	Operated by	Status as of December 31, 2024
PM1	Corrugating Medium Paper	60,000	Dongfang Paper	Dongfang Paper	In production
PM2	Offset Printing Paper	50,000	Dongfang Paper	Dongfang Paper	Suspended during 2024
PM3	Offset Printing Paper	40,000	Dongfang Paper	Dongfang Paper	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	Suspended during 2024
PM9	Tissue paper	15,000	Dongfang Paper	Dongfang Paper	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 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, 2024, we had two large suppliers which accounted for approximately 73% and 17% of our total purchases, respectively.

For the year ended December 31, 2024, three major suppliers who individually accounted for more than 5% of our total purchase are as follows:

	2024 Purchase Amount (USD$)	% of Total Purchase
Company A (Hebei)	47,049,870	73%
Company B (Hebei)	11,201,353	17%
Company C (Hebei)	4,691,261	7%
Total Major Suppliers	**62,942,484**	**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 2024 were focused on evaluating and developing new products that are in the pipeline for 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	12301651	Fax paper, thermal paper, blueprint paper, sensitized paper, spectrum sensitized paper, blueprint cloth, photographic paper, cyanotype solution, diazo paper	Dongfang Paper	September 7, 2015 through September 6, 2025
Fangmenglai	12955328	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, 2034
Fangqingxin	12955235	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, 2034
Kaimeilai	20212149	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	15635879	Paper table cover, paper pinafore, drawer lining (with flavor or not)	Tengsheng Paper	November 21, 2016 through November 20, 2026
Qingmu	15635916	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

Trademark	Certificate No.	Category	Registrant	Valid Term
Rongou	20063034	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	15636093	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
13762076	The utility model relates to a pulp mixing device	Tengsheng Paper	July 23, 2021 through July 23, 2031
13751681	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
14248265	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
14260129	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
13477825	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
13874156	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, 2024, we have approximately 383 full time employees, all of whom were based in PRC. As of December 31, 2024, approximately 19.6% of our current workforce is female and 80.4% 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 April 11, 2025, see Part III, Item 10, "Directors, Executive Officers and Corporate Governance."

ITEM 1A. 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 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.

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 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 CIIO 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 CIIO, 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 CIIO 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 CIIOs 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 2024, China's Gross Domestic Product ("GDP") growth rate was 5.0% as compared to 5.2% in 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, 2024, the cash flows occurred between IT Tech Packaging, its subsidiaries and the VIE included (i) loans in the amount of $1,059,480 provided by Dongfang Paper to Baoding Shengde; and (ii) repayment of shareholder loans in the total amount of $727,433 on behalf of IT Tech Packaging Inc. 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 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.

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, 2024, $1 is converted into 7.1884 Yuan (RMB). As we rely entirely on revenues earned in the PRC, any significant revaluation 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 RMB 6,110,140 as opposed to RMB 7,188,400 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 $120,968 as opposed to $139,113 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 2.9% appreciation of the Renminbi against the U.S. dollar as of December 31, 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 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.

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.

Risks Related to Our Corporate Structure

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, 2019and 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.

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.

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, 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 April 11, 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY.

We face risks associated with cybersecurity. For additional details on risks from cybersecurity threats, please refer to "Item 1A. Risk Factors - *The occurrence of security breaches and cyber-attacks could negatively impact our business.*" *and* "*- Our business may be subject to a variety of PRC laws and other obligations regarding cybersecurity and data protection.*"

The purpose of our cybersecurity program is to assess, identify, manage and mitigate cybersecurity risk while supporting the achievement of our business objectives. Under our comprehensive risk management program, the Board of Directors of the Company maintains oversight of the most significant risks facing the Company, including cybersecurity risks, while senior management is responsible for the identification and prioritization of risks that are material to our business, corresponding risk-mitigation efforts and day-to-day management of our risk management program. The full Board of Directors retains oversight over management's cybersecurity efforts. At least annually, and often more frequently, our Board of Directors receives cybersecurity briefings from senior executives, including, when appropriate, executives focused on cybersecurity matters.

Our companywide cybersecurity policy sets the framework for our approach to cybersecurity. Each business unit and our corporate headquarters designates individuals with appropriate qualifications and experience to be responsible for addressing cybersecurity matters, including assessing, identifying and managing risks from cybersecurity threats, with a direct reporting line to senior management. Under our approach to cybersecurity, each business unit designs and operates its own information and cybersecurity program tailored to its market, customer requirements, regulatory requirements and threats. Our cybersecurity policy and procedures are designed to ensure senior management receives timely and adequate information regarding cybersecurity matters, including threats and incident response, as appropriate to the matter. Our policies and procedures are also designed to oversee and identify material cybersecurity risks related to third-party vendors and service providers.

As part of our approach to cyber risk management, we regularly perform internal audits of internal processes and controls relating to cybersecurity. From time to time, as appropriate under our overall cybersecurity program, we engage third-party experts to support the assessment of cyber related risks, including to conduct cyber penetration testing.

To its knowledge, the Company has not experienced a material cybersecurity breach within the last three years, nor identified any risks from cybersecurity threats that have materially affected us, including our business strategy, results of operations or financial condition.

ITEM 2. PROPERTIES

Our headquarters are located at Hebei Baoding Dongfang Paper Milling Company Limited, Juli Road, Xushui District, Baoding City, Hebei Province, China. We have two main production bases, one production base located approximately 4 kilometers away from our headquarters, and the second production base located in Wei County, Xingtai City, Hebei Province.

All land in the PRC is owned by the government and cannot be sold to any individual or entity. Instead, the government grants landholders a “land use right” after a purchase price for such “land use right” is paid to the government. The “land use right” allows the holder the right to use the land for a specified long-term period of time and enjoys all the incidents of ownership of the land. The following are the details regarding Dongfang Paper’s land use rights with regard to the land that it uses in its business.

The land of our first production base (the “Xushui Paper Mill”), comprising 200 mu, or approximately 33 acres, of land, is leased from the local government pursuant to a 30 year lease that expires December 31, 2031. The lease requires an annual payment of approximately $ 17,406 (RMB 120,000) due by June 30 every year.

The land of the second production base (the “Xingtai Paper Mill”), comprising 300 mu, or approximately 50 acres, of land, is owned by Hebei Tengsheng Paper Co., Ltd., a limited liability company organized under the laws of the PRC. (“Tengsheng Paper”). On June 25, 2019, Dongfang Paper entered into an acquisition agreement with the shareholder of Hebei Tengsheng Paper Co., Ltd., pursuant to which Dongfang Paper agreed to acquire Tengsheng Paper for the consideration in the amount of RMB 320 million (approximately $45 million) which was fully paid on February 23, 2022.

The office building and essentially all industrial-use buildings at our headquarters (the “Industrial Buildings”) are leased to us by a third party, Hebei Fangsheng Real Estate Development Co. Ltd. (“Hebei Fangsheng”), for a term of up to three years starting August 2013, with an annual rental payment of approximately $155,101 (RMB1,000,000). The lease agreement expired in August 2016. The lease agreement was renewed in August 2022 with a term of six years with the same rental payments as provided for in the original lease agreement., with the same rental payment as original lease agreement.”

In the spring of 2010, we initiated the process of acquiring approximately 667,000 square meters of land adjacent to our first production base, Xushui Paper Mill and subsequently received governmental approval for our capacity expansion plan. On April 13, 2012, we closed our acquisition of 58,566 square meters of land and secured all associated land use right permits (the “Xushui Mill Annex”). For land acquisition of the Xushui Mill Annex, we paid a total of $7.5 million for various payments of compensation, taxes, and recording fees to the sellers and the local government. On October 26, 2012, we made a prepayment in the amount of $1,404,460 for the purchase of land use right from the local residents’ council for approximately 65,023 square meters of land located inside of our Xushui Paper Mill. In December 2016, the Company completed the purchase of such land use right, with a land use term of 50 years expiring in 2066.

As of December 31, 2024, our facilities include a total of nine production lines, among which PM7 is currently idle and under renovation, and each PM4 and PM5 (both for digital photo paper) has been suspended, nine warehouses, two office buildings, two cafeterias, and five dormitories.

ITEM 3. LEGAL PROCEEDINGS

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. We are currently not a party to any legal or administrative proceedings and are not aware of any pending or threatened legal or administrative proceedings against us in all material aspects other than the following:

In February 17, 2022, FT Global Capital, Inc. ("FTG"), filed a lawsuit against the Company in the Commercial Division of New York Supreme Court. FTG has brought a breach of contract action against the Company to recover fees in connection with an agreement that the parties entered into in April 2019 (the "Agreement"). The Company has answered FTG's complaint and has denied the allegations because it is the Company's position that FTG did not fulfill its obligations under the terms of the Agreement. Discovery is continuing. The Court issued a Status Conference Order (the "Order") dated April 15, 2024. According to the Order, the Court ordered that the Company has failed to appear and is in default, and that pursuant to the warning given in the Court's order dated March 22, 2024, the Company's default renders its answer subject to being stricken, and accordingly the answer of the Company was stricken. On April 18, 2024, FT Global filed a notice of motion for default judgment against the Company. By an order dated August 20, 2024, the Court granted the plaintiff's default motion on the issue of liability, with damages to be determined by a referee. The Company then moved to vacate the order dated August 20, 2024, but the Court denied the Company's motion on November 1, 2024, stating that the excuse proffered by the Company as to the reason it did not retain counsel in a timely fashion was not sufficient.

In November 2023, an individual plaintiff involved in a civil loan dispute filed a lawsuit against the defendants including Tengsheng Paper and Jie Ping, who served as the executive director and the legal representative of Tengsheng Paper, at the Lianchi District People's Court of Baoding City, China (the "PRC Court"). On December 1, 2023, the plaintiff sought property preservation measures, requesting the PRC Court to freeze RMB6.70 million worth of bank deposits held by Jie Ping and Tengsheng Paper. Following this request, on the same day, the PRC Court issued a ruling to immediately freeze the RMB3.35 million worth of bank deposits of Jie Ping and Tengsheng Paper. On June 14, 2024, the PRC Court ordered the defendants to repay the principal of the loan in the amount of RMB3,320,000 to the plaintiff, and Tengsheng Paper was jointly liable for repayment.

The ultimate resolution of the proceedings may have a material adverse impact on our business, financial condition, results of operations or cash flows. Failure to settle the proceedings or other unfavorable outcomes in this proceedings could result in significant damages, additional penalties or other remedies imposed against the Company. Litigation of this kind could result in substantial costs and a diversion of our management's attention and resources. It could also result in our reputation being harmed and our stock price could decline as a result of allegations made in the course of the proceedings, regardless of the truthfulness of the allegations.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

IT Tech Packaging's common stock is traded on the NYSE American under the symbol "ITP".

Holders

As of April 11, 2025, we had approximately 10,000 shareholders of record of our common stock.

Dividends

On November 21, 2013, the Company declared another quarterly dividend of $0.005 per share to shareholders of record as of November 29, 2013.

The dividend was paid on December 10, 2013. Total dividends declared and paid for the year ended December 31, 2013 were $323,032.

We do not expect to pay dividends in the near future. Future declaration of dividends will depend on, among other things, the Company's results of operations, capital requirements, financial condition and on such other factors as the Company's Board of Directors may in its discretion consider relevant and in the best long term interest of the shareholders.

Securities Authorized for Issuance Under Equity Compensation Plans

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters " for the aggregate information regarding our equity compensation plans in effect on December 31, 2024.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the selected financial data, the financial statements, and the notes to those statements that are included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. For a complete discussion of forward-looking statements, see the section in this report entitled "Forward-Looking Statements." Certain risk factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the sections in this report entitled "Risk Factors" and "Forward-Looking Statements". Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Results of Operations

Revenue for the year ended December 31, 2024 was $75,837,943, representing a decrease of $10,709,007, or 12.37%, from $86,546,950 for the previous year. This was mainly due to the decrease in sales quantity of Corrugating Medium Paper ("CMP"), offset printing paper and tissue paper products and the decrease in Average Selling Price ("ASP") of CMP.

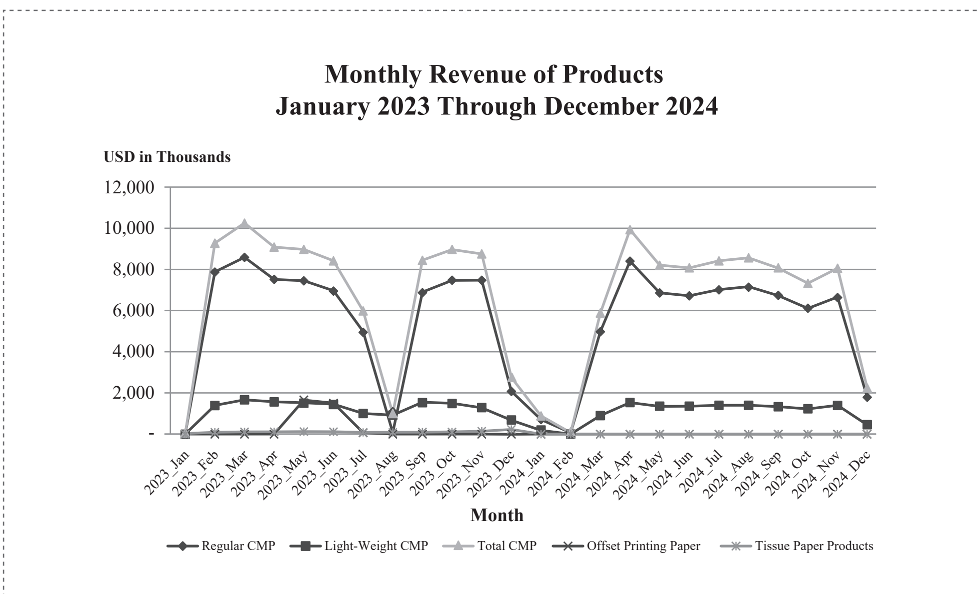
Revenue of Offset Printing Paper, Corrugating Medium Paper and Tissue Paper Products

Revenue from sales of offset printing paper, CMP and tissue paper products for the year ended December 31, 2024 was $75,702,427, a decrease of $10,709,631, or 12.39%, from $86,412,058 for the year ended December 31, 2023. This was mainly due to the decrease in ASPs of CMP and the decrease in sales volume of offset printing paper and tissue paper products.

Total quantities of offset printing paper, CMP and tissue paper products sold during the year ended December 31, 2024 amounted to 220,552 tonnes, a decrease of 10,049 tonnes, or 4.36%, compared to 230,601 tonnes sold during the year ended December 31, 2023. Total quantities of CMP and offset printing paper sold decreased by 8,844 tonnes in the year of 2024 as compared to 2023. Production of CMP was suspended in January and February of 2024 and resumed in mid of March 2024, and production of offset printing paper and tissue paper products was suspended in 2024. The changes in revenue and quantity sold for the year ended December 31, 2024 and 2023 are summarized as follows:

	Year Ended December 31, 2024		Year Ended December 31, 2023		Change in		Percentage Change	
Sales Revenue	**Quantity (Tonne)**	**Amount**	**Quantity (Tonne)**	**Amount**	**Quantity (Tonne)**	**Amount**	**Quantity**	**Amount**
Regular CMP	182,972	$63,196,615	182,870	$67,371,471	102	$ (4,174,856)	0.06%	(6.20)%
Light-Weight CMP	37,580	$12,505,812	40,953	$14,520,205	(3,373)	$ (2,014,393)	(8.24)%	(13.87)%
Total CMP	220,552	$75,702,427	223,823	$81,891,676	(3,271)	$ (6,189,249)	(1.46)%	(7.56)%
Offset Printing Paper	—	$ —	5,573	$ 3,215,190	(5,573)	$ (3,215,190)	(100.00)%	(100.00)%
Tissue Paper Products	—	$ —	1,205	$ 1,305,192	(1,205)	$ (1,305,192)	(100.00)%	(100.00)%
Total CMP, Offset Printing Paper and Tissue Paper Revenue	220,552	$75,702,427	230,601	$86,412,058	(10,049)	$(10,709,631)	(4.36)%	(12.39)%

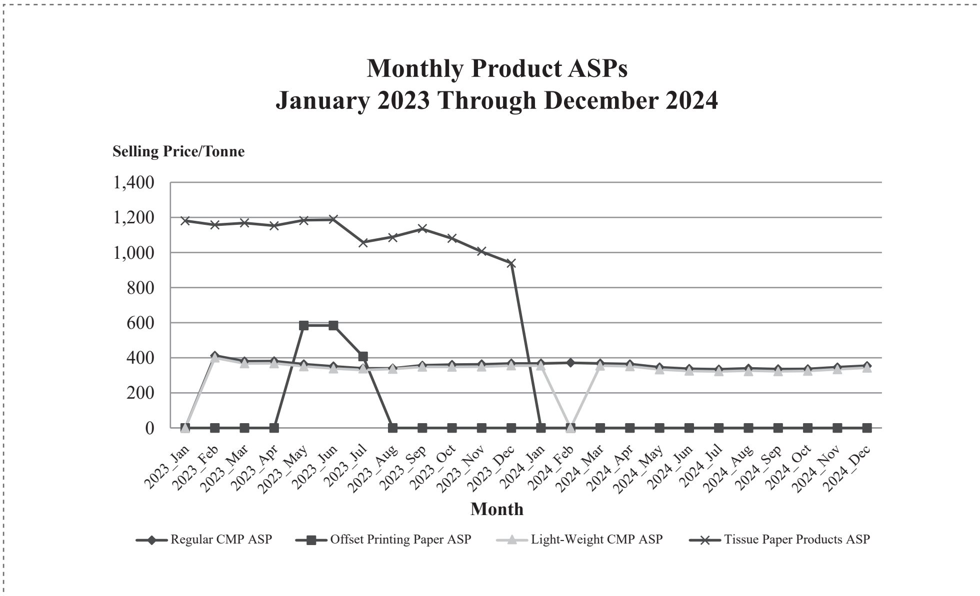
Monthly revenue (excluding revenue of digital photo paper and tissue paper products) for the 24 months ended December 31, 2024, are summarized below:



The average selling price, or ASP, for our major products for the years ended December 31, 2024 and 2023 are summarized as follows:

	Offset Printing Paper ASP	Regular CMP ASP	Light-Weight CMP ASP	Tissue Paper Products ASP
Year Ended December 31, 2024	$ —	$ 345	$ 333	$ —
Year Ended December 31, 2023	$ 577	$ 368	$ 355	$ 1083
Decrease from comparable period in the previous year	$(577)	$ (23)	$ (22)	$(1083)
Decrease by percentage	—%	(6.25)%	(6.20)%	—%

The following is a chart showing the month-by-month ASPs for the 24 month period ended December 31, 2024:



Corrugating Medium Paper

Revenue from CMP amounted to $75,702,427 (100.00% of the total offset printing paper, CMP and tissue paper products revenues) for the year ended December 31, 2024, representing a decrease of $6,189,249, or 7.56%, from $81,891,676 during 2023.

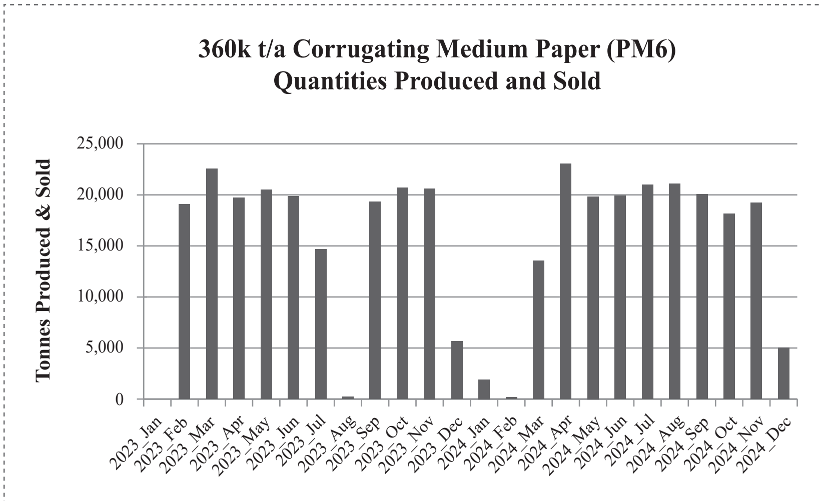
We sold 220,552 tonnes of CMP in the year ended December 31, 2024 as compared to 223,823 tonnes in the year ended December 31, 2023, representing a 1.46% decrease in quantity sold.

ASP for regular CMP dropped from $368/tonne in 2023 to $345/tonne in 2024, representing a 6.25% decrease. ASP in RMB for regular CMP in 2023 and 2024 was RMB2,599 and RMB2,458, respectively, representing a 5.43% decrease. The quantity of regular CMP sold increased by 102 tonnes, from 182,870 tonnes in 2023 to 182,972 tonnes in 2024.

ASP for light-weight CMP dropped from $355/tonne in 2023 to $333/tonne in 2024, representing a $6.2% decrease. ASP in RMB for light-weight CMP in 2023 and 2024 was RMB2,502 and RMB2,368, respectively, representing a 5.36% decrease. The quantity of light-weight CMP sold decreased by 3,373 tonnes, from 40,953 tonnes in 2023, to 37,580 tonnes in 2024.

Our PM6 production line, which produces regular CMP, has a designated capacity of 360,000 tonnes /year. The utilization rates for the year ended December 31, 2024 and 2023 were 49.75% and 51.98%, respectively, representing a decrease of 2.23%.

Quantities sold for regular CMP that was produced by the PM6 production line from January 2023 to December 2024 are as follows:



Revenue of Face Mask

Revenue generated from selling face masks were $nil and $106,064 for the year ended December 31, 2024 and 2023.

Cost of Sales

Total cost of sales for CMP, offset printing paper and tissue paper products in the year ended December 31, 2024 was $69,145,658, a decrease of $16,273,164, or 19.05%, from $85,418,822 for the year ended December 31, 2023. This was mainly due to the decrease in unit material costs of CMP and decrease in sales volume of offset printing paper and tissue paper products.

Cost of sales for CMP was $69,145,658 for the year ended December 31, 2024, as compared to $77,962,837 in 2023. The decrease in the cost of sales of $8,817,179 for CMP was mainly due to the decrease in average cost of sales, partially offset by the increase in the quantities of regular CMP sold in the year of 2024. Average cost of sales per tonne for CMP decreased by 9.77%, from $348 for the year ended December 31, 2023, to $314 in 2024. This was mainly attributable to the lower average unit purchase costs (net of applicable value added tax) of recycled paper board.

Cost of sales for offset printing paper was $nil for the year ended December 31, 2024, as compared to $3,137,646 in 2023.

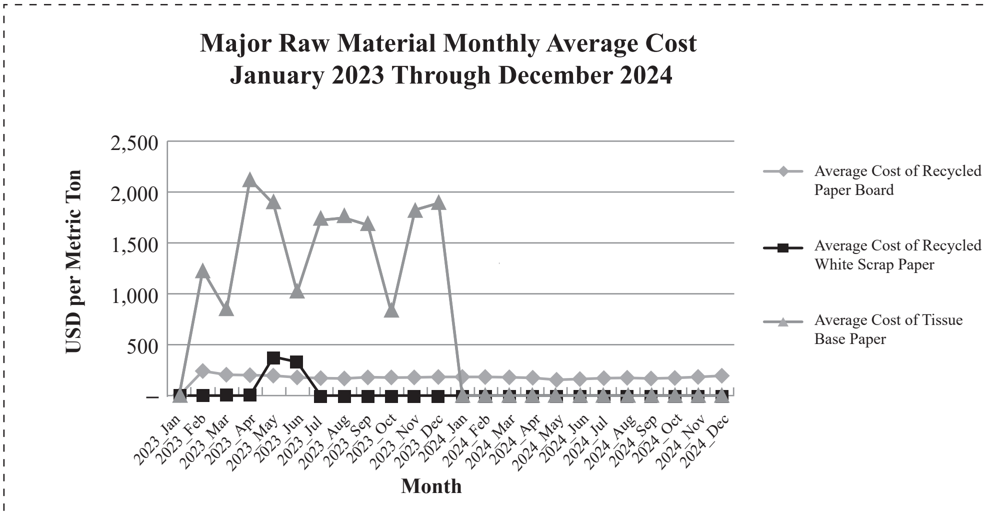
Cost of sales for tissue paper products was $nil for the year ended December 31, 2024, as compared to $4,318,339 in 2023.

Changes in cost of sales and cost per tonne by product for the year ended December 31, 2024 and 2023 are summarized below:

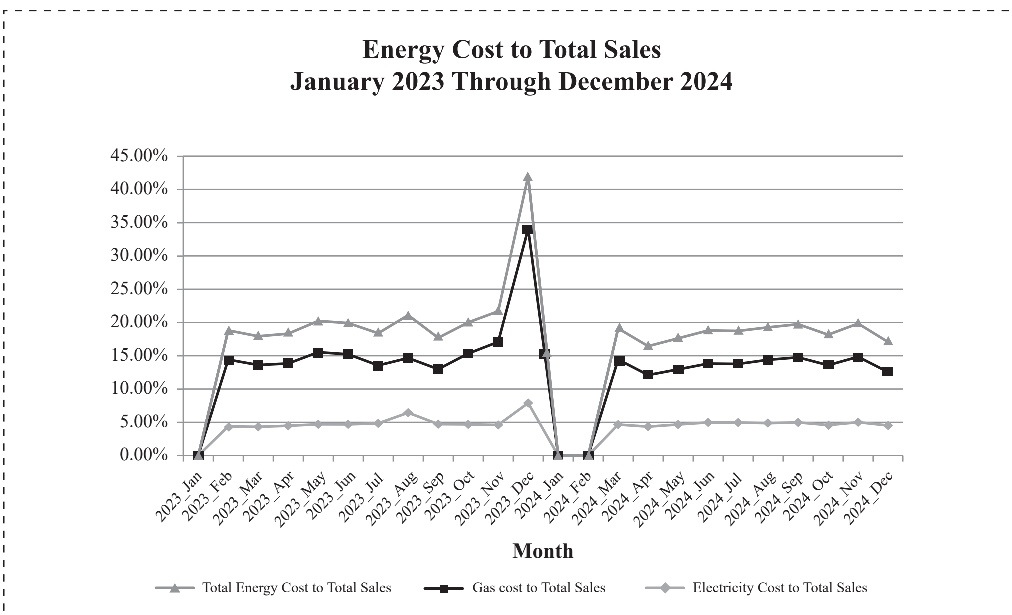
	Year Ended December 31, 2024		Year Ended December 31, 2023		Change in		Change in percentage	
	Cost of Sales	Cost per Tonne	Cost of Sales	Cost per tonne	Cost of Sales	Cost per Tonne	Cost of Sales	Cost per Tone
Regular CMP	$57,643,462	$ 315	$63,818,509	$ 349	$ (6,175,047)	$ (34)	(9.68)%	(9.74)%
Light-Weight CMP	$11,502,196	$ 306	$14,144,328	$ 345	$ (2,642,132)	$ (39)	(18.68)%	(11.30)%
Total CMP	$69,145,658	$ 314	$77,962,837	$ 348	$ (8,817,179)	$ (34)	(11.31)%	(9.77)%
Offset Printing Paper	$ —	$ —	$ 3,137,646	$ 563	$ (3,137,646)	$ (563)	(100.00)%	(100.00)%
Tissue Paper Products	$ —	$ —	$ 4,318,339	$3,584	$ (4,318,339)	$(3,584)	(100.00)%	(100.00)%
Total CMP, Offset Printing Paper and Tissue Paper Revenue	$69,145,658	$ n/a	$85,418,822	$ n/a	$(16,273,164)	$ n/a	(19.05)%	n/a%

Our average unit purchase costs (net of applicable value added tax) of recycled paper board and recycled white scrap paper for the year ended December 31, 2024 was RMB 1,214/tonne (approximately $171/tonne), as compared to RMB 1,350/tonne (approximately $191/tonne) in 2023. These changes (in US dollars) represent a year-over-year decrease of 10.47% for the unit purchase cost of recycled paper board. We use domestic recycled paper (sourced mainly from the Beijing-Tianjin metropolitan area) exclusively. Although we do not rely on imported recycled paper, the pricing of which tends to be more volatile than domestic recycled paper, our experience suggests that the pricing of domestic recycled paper bears some correlation to the pricing of imported recycled paper.

The pricing trends of our major raw materials for the 24-month period from January 2023 to December 2024 are shown below:



Electricity and gas are our two main energy sources. Electricity and gas accounted for approximately 5% and 13.6% of total sales in 2024, respectively, compared to 5% and 15.3% of total sales in 2023. The monthly energy cost (electricity and gas) as a percentage of total monthly sales of our main paper products for the 24 months ended December 31, 2024 are summarized as follows:



Gross Profit

Gross profit for December 31, 2024 was $6,691,740 (representing 8.82% of the total revenue), representing an increase of $5,691,855, or 569.25%, from the gross profit of $999,885 (representing 1.16% of the total revenue) for the year ended December 31, 2023. The increase was mainly due to the decrease in unit cost of materials of CMP, partially offset by the decrease in ASP of CMP.

Corrugating Medium Paper, Offset Printing Paper and Tissue Paper Products

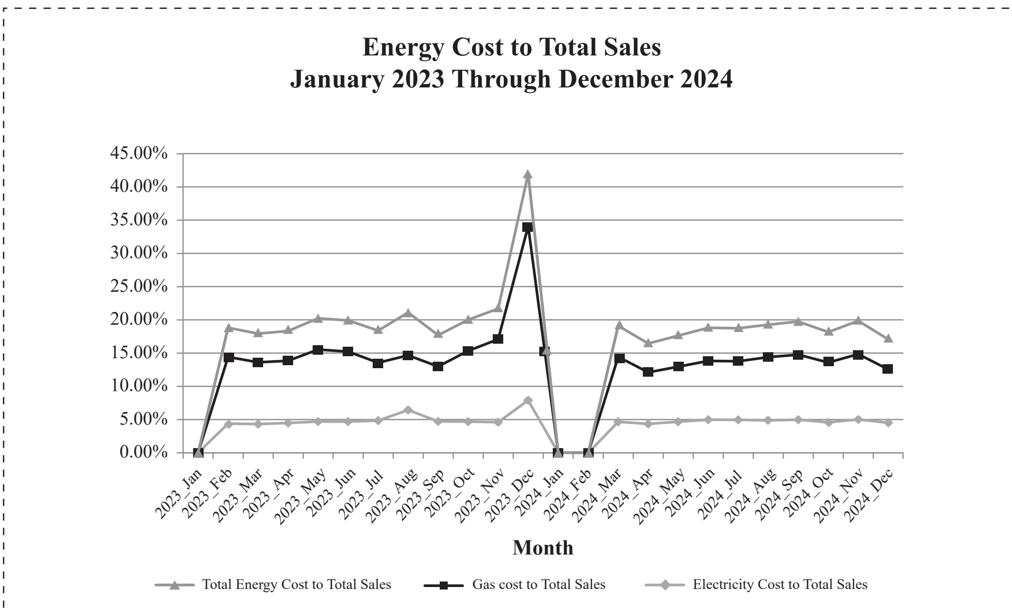
Gross profit for offset printing paper, CMP and tissue paper products for the year ended December 31, 2024 was $6,556,769, an increase of $5,563,533, or 560.14%, from the gross profit of $993,236 for the year ended December 31, 2023. The increase was mainly the result of the factors discussed above.

The overall gross profit margin for offset printing paper, CMP and tissue paper products increased by 7.51 percentage points, from 1.15% for the year ended December 31, 2023, to 8.66% for the year ended December 31, 2024.

Gross profit margin for regular CMP for the year ended December 31, 2024 was 8.79%, or 3.52 percentage points higher, as compared to gross profit margin of 5.27% for the year ended December 31, 2023. Such increase was primarily due to the decrease in material costs, partially offset by the decrease in ASP of regular CMP.

Gross profit margin for light-weight CMP for the year ended December 31, 2024 was 8.03%, or 5.44 percentage points higher, as compared to gross profit margin of 2.59% for the year ended December 31, 2023. Such increase was primarily due to the decrease in material costs, partially offset by the decrease in ASP of light-weight CMP.

Monthly gross profit margins for our corrugating medium paper and offset printing paper for the 24-month period ended December 31, 2024 are as follows:



Face Masks

Gross loss for face mask for the year ended December 31, 2024 and 2023 was $nil and $11,127, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2024 were $14,799,969, an increase of $5,724,494, or 63.08% from $9,075,475 for the year ended December 31, 2023. The increase was mainly due to the increase in i) depreciation of idle fixed assets during the production suspension of $3.9 million; ii) accrued liability related to a legal proceeding in which the Company was jointly liable for repaying a loan of $0.4 million and iii) impairment reserve for obsolete inventory of $0.7 million and allowance for doubtful receivables of $0.9 million.

Loss from Operations

Operating loss for the year ended December 31, 2024 was $8,210,719, a decrease of loss of $1,365,169, or 14.26%, from $9,575,888 for the year ended December 31, 2023. The decrease was primarily due to the increase in gross profit, partially offset by the increase in selling, general and administrative expenses.

Other Income and Expenses

Interest expense for the year ended December 31, 2024 decreased by $222,141, from $984,518 for the year ended December 31, 2023, to $762,377. The Company had short-term and long-term interest-bearing loans that aggregated $9,124,422 as of December 31, 2024, as compared to $11,801,996 as of December 31, 2023.

Provision for Income Taxes

Full allowance for deferred tax asset loss was provided in the year of 2024 and 2023. Income tax for the year ended December 31, 2024 was $879,194 as compared to the income tax $346,954 for the year ended December 31, 2023.

Net Loss

As a result of the above, net loss was $9,843,094 for the year ended December 31, 2024, representing a decrease of loss of $102,941, or 1.03%, from $9,946,035 for the year ended December 31, 2023.

Accounts Receivable

Net accounts receivable decreased by $287,950, or 50.03%, to $287,576 as of December 31, 2024, as compared with $575,526 as of December 31, 2023. We usually collect accounts receivable within 30 days of delivery and completion of sales.

Inventories

Inventories consist of raw materials (accounting for 59.29% of total value of inventory as of December 31, 2024), semi-finished goods and finished goods. As of December 31, 2024, the recorded value of inventory decreased by 33.85% to $2,351,876 from $3,555,235 as of December 31, 2023. As of December 31, 2024, the inventory of recycled paper board, which is the main raw material for the production of CMP, was $1,353,543, approximately $1,154,799, or 581.05%, higher than the balance as of December 31, 2023. In anticipation of the rising energy prices, we enhanced the production capacity for CMP during the fourth quarter of 2023. As a result, by December 31, 2023, our raw material balance had decreased, whereas the inventory balance of our finished goods had increased significantly, compared to the balances recorded on December 31, 2024. This was due to a substantial portion of the materials being processed and converted into finished goods during that period.

A summary of changes in major inventory items is as follows:

	December 31, 2024	December 31, 2023	$ Change	% Change
Raw Materials				
Recycled paper board	$1,353,543	$ 198,744	1,154,799	581.0%
Recycled white scrap paper	10,491	10,647	(156)	(1.5)%
Tissue base paper	20,827	21,138	(311)	(1.5)%
Gas	16,334	21,428	(5,094)	(23.8)%
Mask fabric and other raw materials	111,521	121,011	(9,490)	(7.8)%
Total Raw Materials	1,512,716	372,968	1,139,748	305.6%
Semi-finished Goods	295,792	300,207	(4,415)	(1.5)%
Finished Goods	1,269,487	2,885,019	(1,615,532)	(56.0)%
Total inventory, gross	3,077,995	3,558,194	(480,199)	(13.5)%
Inventory reserve	(726,119)	(2,959)	(723,160)	24439.3%
Total inventory, net	$2,351,876	$3,555,235	(1,203,359)	(33.8)%

Renewal of operating lease

On August 7, 2013, the Company's Audit Committee and the Board of Directors approved the sale of the land use right of the Headquarters Compound (the "LUR"), the office building and essentially all industrial-use buildings in the Headquarters Compound (the "Industrial Buildings"), and three employee dormitory buildings located within the Headquarters Compound (the "Dormitories") to Hebei Fangsheng for cash prices of approximately $2.77 million, $1.15 million, and $4.31 million, respectively. In connection with the sale of the Industrial Buildings, Hebei Fangsheng agreed to lease the Industrial Buildings back to the Company for its original use for a term of up to three years, with an annual rental payment of approximately $140,515 (RMB1,000,000). The lease agreement was renewed in August 2022 with a term of six years with the same rental payments as provided for in the original lease agreement.

Capital Expenditure Commitment as of December 31, 2024

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. The Company expected the new tissue paper production line to be launched after the completion of trial run.

As of December 31, 2024, we had approximately $3.4 million in capital expenditure commitments that were mainly related to the purchase of paper machine of PM10. The infrastructure work of PM10 has been completed and the associated ancillary facilities are working in progress. These commitments are expected to be financed by bank loans and cash flows generated from our business operations.

Cash, Cash Equivalents and restricted cash

Our cash, cash equivalents and restricted cash as of December 31, 2024 was $6,950,576, an increase of $2,558,655, from $4,391,921 as of December 31, 2023. The increase of cash and cash equivalents for the year ended December 31, 2024 was attributable to a number of factors including:

<u>i. Net cash provided by operating activities</u>

Net cash provided by operating activities was $6,299,469 for the year ended December 31, 2024. The balance represented a decrease of cash of $6,571,617, or 51.06%, from $12,871,086 provided for the year ended December 31, 2023. Net loss for the year ended December 31, 2024 was $9,843,094, representing a decrease of loss of $102,941, or 1.03%, from a net loss of $9,946,035 for the year ended December 31, 2023. Changes in various asset and liability account balances throughout the year ended December 31, 2024 also contributed to the net change in cash from operating activities in year ended December 31, 2024. Chief among such changes is the decrease of accounts receivable in the amount of $240,346 during the year of 2024. There was also a decrease of $432,189 in the ending inventory balance as of December 31, 2024 (an increase to net cash for the year ended December 31, 2024 cash flow purposes). In addition, the Company had non-cash expenses relating to depreciation and amortization in the amount of $14,221,082. The Company also had a net increase of $6,090 in prepayment and other current assets (a decrease to net cash) and a net decrease of $447,899 in other payables and accrued liabilities and related parties (a decrease to net cash), as well as an increase in income tax payable of $81,720 (an increase to net cash) during the year ended December 31, 2024.

<u>ii. Net cash used in investing activities</u>

We incurred $329,611 in net cash expenditures for investing activities during the year ended December 31, 2024, as compared to $22,239,297 for the year ended December 31, 2023. Payments in 2023 were mainly for the payment for land use right.

<u>iii. Net cash (used in) provided by financing activities</u>

Net cash used in financing activities was $3,256,696 for the year ended December 31, 2024, as compared to net cash provided by financing activities in the amount of $4,410,099 for the year ended December 31, 2023.

In December 2024, we refinanced $4 million existing long-term debt by securing new loans at lower market rates, to repay our obligations to Rural Credit Union. This refinancing transaction did not involve any cash inflows or outflows. As a result, it was not reflected in the financing activities in the cash flow statement. Although the new loans have distinct terms and interest rates compared to the old ones, they do not qualify as a traditional debt restructuring according to U.S. GAAP. We anticipate financial benefits from this refinancing, particularly lower interest expenses over the loan's remaining term.

	December 31, 2024	December 31, 2023
Rural Credit Union of Xushui District Loan 1	$1,808,469	$ —
Rural Credit Union of Xushui District Loan 2	2,225,808	—
Industrial and Commercial Bank of China ("ICBC") Loan 1	—	2,824
ICBC Loan 2	—	70,594
ICBC Loan 3	—	350,149
ICBC Loan 4	2,782	—
ICBC Loan 5	139,113	—
ICBC Loan 6	139,113	—
ICBC Loan 7	136,331	—
Total short-term bank loans	$4,451,616	$423,567

On December 24, 2024, the Company entered into a loan agreement with the Rural Credit Union of Xushui District to borrow $1,808,469 (RMB13,000,000) to repay the existing long-term loan of the same amount. The loan was secured by the equipment of Baoding Shengde as collateral for the benefit of the bank. The loan bears a fixed rate of 6% and is due for repayment by December 23, 2025.

On December 24, 2024, the Company entered into a loan agreement with the Rural Credit Union of Xushui District to borrow $2,225,808(RMB16,000,000) to repay the existing long-term loan of the same amount. The loan was secured by the equipment of Baoding Shengde as collateral for the benefit of the bank and guaranteed by a third party company. The loan bears a fixed rate of 6% and is due for repayment by December 23, 2025.

On September 15, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $2,824 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On September 22, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $70,594 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On September 22, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $350,149 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On June 11, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $2,782 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 11, 2025.

On June 21, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $139,113 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 21, 2025.

On June 22, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $139,113 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 22, 2025.

On June 24, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $136,331 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 24, 2025.

As of December 31, 2024, there were guaranteed short-term borrowings of $2,225,808 and unsecured bank loans of $417,339. As of December 31, 2023, there were guaranteed short-term borrowings of $nil and unsecured bank loans of $423,567.

The average short-term borrowing rates for the years ended December 31, 2024, and 2023 were approximately 4.6% and 4.48%, respectively.

Long-term loans

As of December 31, 2024, and 2023, long-term loan balance is $4,672,806 and $11,378,429, respectively.

On July 15, 2013, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 5 years, which was originally due and payable in various installments from December 21, 2013 to July 26, 2018. On June 21, 2018, the loan was extended for additional 5 years and was due and payable in various installments from December 21, 2018 to June 20, 2023. On August 24, 2023, the loan was extended for another 3 years and will be due and payable on August 24, 2026. The loan is secured by certain of the Company's manufacturing equipment with net book value of $nil as of December 31, 2024 and 2023. Interest payment is due monthly and bore a rate of 7.68% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. As of December 31, 2024 and 2023, the total outstanding loan balance was $3,476,434 and $3,528,315. Out of the total outstanding loan balance, current portion amounted was $2,641,756 and $1,269,290, which is presented as current liabilities in the consolidated balance sheet and the remaining balance of $834,678 and $2,259,025 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On April 17, 2019, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which was due and payable in various installments from August 21, 2019 to April 16, 2021. The loan was renewed on March 22, 2021, December 24, 2021 and April 16, 2024 and extended for additional 5 years in total, which is due on April 15, 2026 according to the new schedule. The loan was secured by Tengsheng Paper with its land use right as collateral for the benefit of the credit union. Interest payment was due quarterly and bore a rate of 7.2% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. On December 24, 2024, the Company entered into a one-year loan agreement with the Rural Credit Union of Xushui District for same amount to repay the loan. This refinancing arrangement secured a lower market rate and did not involve any cash inflows or outflows. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $2,259,026, respectively, which are presented as current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023.

On December 12, 2019, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which is due and payable in various installments from June 21, 2020 to December 11, 2021. The loan was renewed on March 22, 2021 and December 24, 2021 and extended for additional 3 years in total, which was due on December 11, 2024 according to the new schedule. The loan was secured by Tengsheng Paper with its land use right as collateral for the benefit of the credit union. Interest payment is due monthly and bore a rate of 7.56% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. On December 24, 2024, the Company entered into a one-year loan agreement with the Rural Credit Union of Xushui District for same amount to repay the loan. This refinancing arrangement secured a lower market rate and did not involve any cash inflows or outflows. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $1,835,458, respectively, which are presented as current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On February 26, 2023, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which is due and payable in various installments from August 21, 2023 to February 24, 2025. The loan is secured by Dongfang Paper with its land use right as collateral for the benefit of the credit union. Interest payment is due monthly and bore a rate of 7% per annum. The loan was repaid in July 2024. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $2,541,404. Out of the total outstanding loan balance, current portion amounted was $nil and $1,284,820, which is presented as current liabilities in the consolidated balance sheet and the remaining balance of $nil and $1,256,584 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On December 5, 2023, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 3 years, which was due in various installments from June 21, 2024 to December 5, 2026. The loan is guaranteed by an independent third party. Interest payment is due monthly and bears a rate of 7% per annum. As of December 31, 2024 and 2023, total outstanding loan balance was $1,196,372 and $1,214,226, respectively. Out of the total outstanding loan balance, current portion amounted $918,146 and $225,903, which is presented as current liabilities and the remaining balance of $278,226 and $988,323 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

Total interest expenses for the short-term bank loans and long-term loans for the years ended December 31, 2024, and 2023 were $762,377 and $977,678, respectively.

Shareholder Loans

Mr. Zhenyong Liu has loaned money to Dongfang Paper for working capital purposes over a period of time. On January 1, 2013, Dongfang Paper and Mr. Zhenyong Liu renewed the three-year term loan previously entered on January 1, 2010, and extended the maturity date further to December 31, 2015. On December 31, 2015, the Company paid off the loan of $2,249,279, together with interest of $391,374 for the period from 2013 to 2015. Approximately $356,594 and $361,915 of interest were outstanding to Mr. Zhenyong Liu, which were recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet as of December 31, 2024, and 2023, respectively.

On December 10, 2014, Mr. Zhenyong Liu provided a loan to the Company, amounted to $8,742,278 to Dongfang Paper for working capital purpose with an interest rate of 4.35% per annum, which was based on the primary lending rate of People's Bank of China. The unsecured loan was provided on December 10, 2014, and would be originally due on December 10, 2017. During the year of 2016, the Company repaid $6,012,416 to Mr. Zhenyong Liu, together with interest of $288,596. In February 2018, the company paid off the remaining balance, together with interest of $20,400. As of December 31, 2024, and 2023, approximately $41,734 and $42,357 of interest were outstanding to Mr. Zhenyong Liu, which was recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet.

On March 1, 2015, the Company entered an agreement with Mr. Zhenyong Liu which allows Dongfang Paper to borrow from the CEO an amount up to $17,201,342 (RMB120,000,000) for working capital purposes. The advances or funding under the agreement are due three years from the date each amount is funded. The loan is unsecured and carries an annual interest rate set on the basis of the primary lending rate of the People's Bank of China at the time of the borrowing. On July 13, 2015, an unsecured amount of $4,324,636 was drawn from the facility. On October 14, 2016 an unsecured amount of $2,883,091 was drawn from the facility. In February 2018, the company repaid $1,507,432 to Mr. Zhenyong Liu. The loan would be originally due on July 12, 2018. Mr. Zhenyong Liu agreed to extend the loan for additional 3 years and the remaining balance will be due on July 12, 2021. On November 23, 2018, the company repaid $3,768,579 to Mr. Zhenyong Liu, together with interest of $158,651. In December 2019, the Company paid off the remaining balance, together with interest of 94,636. As of December 2024, and 2023, the outstanding interest was $191,193 and $194,047, respectively, which was recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet.

As of December 31, 2024, and 2023, total amount of loans due to Mr. Zhenyong Liu were $nil. The interest expense incurred for such related party loans were $nil for the years ended December 31, 2024, and 2023. The net interest owe to Mr. Zhenyong Liu was approximately $304,600 and $598,319, as of December 31, 2024, and 2023, respectively, which was recorded in other payables and accrued liabilities.

In October 2022 and November 2022, the Company entered into two agreements with Mr. Zhenyong Liu, which allowed Mr. Zhenyong Liu to borrow from the Company an amount of $7,059,455 (RMB50,000,000) in total. The loans were unsecured and carried a fixed interest rate of 4.35% per annum. $4,235,673 (RMB30,000,000) was repaid by Mr. Zhengyong Liu in August 2023 and the remaining balance was repaid in December 2023. Interest income of the loan for the years ended December 31, 2024 and 2023 were $nil and $290,275.

As of December 31, 2024, and 2023, amount due to shareholder was $nil and $727,433, respectively, which represent funds from shareholders to pay for various expenses incurred in the U.S. The amount is due on demand with interest free.

Critical Accounting Policies and Estimates

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those estimates. The most critical accounting policies are listed below:

Revenue Recognition Policy

The Company recognizes revenue when goods are delivered and a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist, and collectability is reasonably assured. Goods are considered delivered when the customer's truck picks up goods at our finished goods inventory warehouse.

Long-Lived Assets

The Company evaluates the recoverability of long-lived assets and the related estimated remaining useful lives when events or circumstances lead management to believe that the carrying value of an asset may not be recoverable and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In such circumstances, those assets are written down to estimated fair value. Our judgments regarding the existence of impairment indicators are based on market conditions, assumptions for operational performance of our businesses, and possible government policy toward operating efficiency of the Chinese paper manufacturing industry. For the years ended December 31, 2024 and 2023, we recorded $102,490 and $292,922 loss from impairment of property, plant and equipment, respectively.

Foreign Currency Translation

The functional currency of Dongfang Paper and Baoding Shengde is the Chinese Yuan Renminbi ("RMB"). Under ASC Topic 830-30, all assets and liabilities are translated into United States dollars using the current exchange rate at the end of each fiscal period. The current exchange rates used by the Company as of December 31, 2024 and 2023 to translate the Chinese RMB to the U.S. Dollars are 7.1884:1 and 7.0827:1, respectively. Revenues and expenses are translated using the prevailing average exchange rates at 7.1167:1, and 7.0558:1 for the years ended December 31, 2024 and 2023, respectively. Translation adjustments are included in other comprehensive income (loss).

Off-Balance Sheet Arrangements

We were the guarantor for Baoding Huanrun Trading Co., for its long-term bank loans in an amount of $4,312,503 (RMB31,000,000), which matures at various times in 2028. Baoding Huanrun Trading Co. is one of our major suppliers of raw materials. This helps us to maintain a good relationship with the supplier and negotiate for better terms in payment for materials. If Huanrun Trading Co. were to become insolvent, the Company could be materially adversely affected. Except as aforesaid, we have no material off-balance sheet transactions.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Under this ASU, public entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). This ASU's amendments are effective for all entities that are subject to Topic 740, Income Taxes, for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this pronouncement on our disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures, which emphasizes the importance of providing more granular and detailed expense information in financial statements. The update requires entities to disaggregate expenses by nature and function on the income statement, offering a clearer picture of an entity's cost structure and operational efficiency.

This enhanced disclosure is intended to improve the transparency and comparability of financial reporting. Entities must apply the new guidance retrospectively to all periods presented in the financial statements. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is in the process of assessing the impact of these changes on its financial reporting and will implement the necessary adjustments to comply with the updated standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

While our reporting currency is the US dollar, almost all of our consolidated revenues and consolidated costs and expenses are denominated in RMB. All of our assets are denominated in RMB except for some cash and cash equivalents and accounts receivables. As a result, we are exposed to foreign exchange risks as our revenues and results of operations may be affected by fluctuations in the exchange rate between US dollar and RMB. If the RMB depreciates against the US dollar, the value of our RMB revenues, earnings and assets as expressed in our US dollar financial statements will decline. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk.

Inflation

Although we are generally able to pass along minor incremental cost inflation to our customers, inflation such as increases in the costs of our products and overhead costs may adversely affect our operating results. We do not believe that inflation in China has had a material impact on our financial position or results of operations to date, however, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling and distribution, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase in line with the increased costs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our audited financial statement for the fiscal year ended December 31, 2024 and 2023, together with the report of the independent certified public accounting firms thereon and the notes thereto, are presented beginning at page F-1.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To: The Board of Directors and Stockholders of
IT Tech Packaging, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of IT Tech Packaging, Inc. (the Company) as of December 31, 2024, and 2023, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) related to the accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in anyway our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

The principal considerations in determining that this was a critical audit matter was that the Company had a significant accumulated balance and the carrying value of such assets are subject to estimation, judgment, and complex calculations. The balance resulted from temporary differences in taxes dues as the result of the difference in timing of recognition of expenses that are required under generally accepted accounting principles, but may require deferral under local tax regulations. The Company's consolidated financial statements include entities in multiple jurisdictions with varying tax laws. These circumstances lead to estimation and interpretation that may be challenging to assess and evaluate as part of the audit. The audit engagement team addressed this critical accounting matter by reviewing the Company's accounting policies, perform extended audit procedures including examination of relevant local tax laws, testing for arithmetical accuracy of the asset, review of the Company's assumptions and estimates concerning future profitability, and independent recalculation of the future tax asset. The engagement team was satisfied with the evidence accumulated to support our audit opinion and to mitigate the risk of material misstatement to an acceptable level. The accounts that are affected by this critical audit matter are deferred tax assets, related valuation allowance and income tax expense.

/s/ GGF CPA LTD

We have served as the Company's auditor since March 1, 2024.

Guangzhou, Guangdong, China
PCAOB NO: 2729

April 11, 2025

IT TECH PACKAGING, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and bank balances	$ 5,916,373	$ 3,918,938
Restricted cash	1,034,203	472,983
Accounts receivable (net of allowance for doubtful accounts of $53,111 and $11,745 as of December 31, 2024 and December 31, 2023, respectively).	287,576	575,526
Inventories	2,351,876	3,555,235
Prepayments and other current assets	17,951,267	18,981,290
Due from related parties	920,008	853,929
Total current assets	28,461,303	28,357,901
Operating lease right-of-use assets, net	421,868	528,648
Property, plant, and equipment, net	146,911,883	163,974,022
Value-added tax recoverable	1,751,732	1,883,078
Deferred tax asset non-current	—	—
Total Assets	$177,546,786	$194,743,649
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term bank loans	$ 4,451,616	$ 423,567
Current portion of long-term loans	3,559,902	6,874,497
Lease liability	245,604	100,484
Accounts payable	1	4,991
Advance from customers	11,773	136,167
Due to related parties	43,468	728,869
Accrued payroll and employee benefits	207,508	237,842
Other payables and accrued liabilities	11,545,990	12,912,517
Income taxes payable	80,905	—
Total current liabilities	20,146,767	21,418,934
Long-term loans	1,112,904	4,503,932
Lease liability - non-current	231,147	483,866
Derivative liability	5,651	54
Total liabilities (including amounts of the consolidated VIE without recourse to the Company of $16,976,765 and $20,084,995 as of December 31, 2024 and 2023, respectively).	21,496,469	26,406,786
Commitments and Contingencies		
Stockholders' Equity		
Common stock, 50,000,000 shares authorized, $0.001 par value per share, 10,065,920 shares issued and outstanding as of December 31, 2024 and December, 31, 2023.	10,066	10,066
Additional paid-in capital	89,172,771	89,172,771
Statutory earnings reserve	6,080,574	6,080,574
Accumulated other comprehensive loss	(12,998,986)	(10,555,534)
Retained earnings	73,785,892	83,628,986
Total stockholders' equity	156,050,317	168,336,863
Total Liabilities and Stockholders' Equity	$177,546,786	$194,743,649

See accompanying notes to consolidated financial statements.

IT TECH PACKAGING, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2024 and 2023

	Year Ended December 31,	
	2024	**2023**
Revenues	$ 75,837,943	$ 86,546,950
Cost of sales	(69,146,203)	(85,547,065)
Gross Profit	6,691,740	999,885
Selling, general and administrative expenses	(14,799,969)	(9,075,475)
Loss on impairment of assets	(102,490)	(1,500,298)
Loss from Operations	(8,210,719)	(9,575,888)
Other Income (Expense):		
Interest income	14,793	315,096
Interest expense	(762,377)	(984,518)
Gain (Loss) on derivative liability	(5,597)	646,229
Loss before Income Taxes	(8,963,900)	(9,599,081)
Income Tax (Expenses) Benefits	(879,194)	(346,954)
Net Loss	(9,843,094)	(9,946,035)
Other Comprehensive Loss		
Foreign currency translation adjustment	(2,443,452)	(3,040,994)
Total Comprehensive Loss	$(12,286,546)	$(12,987,029)
Losses Per Share:		
Basic and Diluted Losses per Share	$ (0.98)	$ (0.99)
Outstanding – Basic and Diluted	10,065,920	10,065,920

See accompanying notes to consolidated financial statements.

IT TECH PACKAGING, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2024 and 2023

	Common Stock		Additional Paid-in	Statutory Earnings	Accumulated Other Comprehensive	Retained	
	Shares	Amount	Capital	Reserve	Income (loss)	Earnings	Total
Balance at December 31, 2022	10,065,920	$10,066	$89,172,771	$6,080,574	$ (7,514,540)	$93,575,021	$181,323,892
Foreign currency translation adjustment	—	—	—	—	(3,040,994)	—	(3,040,994)
Net loss	—	—	—	—	—	(9,946,035)	(9,946,035)
Balance at December 31, 2023	10,065,920	$10,066	$89,172,771	$6,080,574	$(10,555,534)	$83,628,986	$168,336,863
Foreign currency translation adjustment	—	—	—	—	(2,443,452)	—	(2,443,452)
Net loss	—	—	—	—	—	(9,843,094)	(9,843,094)
Balance at December 31, 2024	10,065,920	$10,066	$89,172,771	$6,080,574	$(12,998,986)	$73,785,892	$156,050,317

See accompanying notes to consolidated financial statements.

IT TECH PACKAGING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	Year Ended December 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net income	$ (9,843,094)	$ (9,946,035)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,221,082	14,225,990
(Gain) Loss on derivative liability	5,597	(646,229)
(Gain) Loss from disposal and impairment of property, plant and equipment	102,490	1,608,542
(Recovery from) for bad debts	911,228	34,193
Allowances for inventories, net	730,490	2,970
Changes in operating assets and liabilities:		
Accounts receivable	240,346	280,970
Prepayments and other current assets	(6,090)	9,322,532
Inventories	432,189	(736,267)
Accounts payable	(4,966)	50
Advance from customers	(123,624)	136,686
Related parties	(38,206)	(478,025)
Accrued payroll and employee benefits	(27,107)	74,908
Other payables and accrued liabilities	(382,586)	(596,695)
Income taxes payable	81,720	(412,504)
Net Cash Provided by Operating Activities	6,299,469	12,871,086
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(329,611)	(22,292,870)
Proceeds from sale of property, plant and equipment	—	53,573
Net Cash Used in Investing Activities	(329,611)	(22,239,297)
Cash Flows from Financing Activities:		
Repayments of related party loans	(727,433)	—
Proceeds from short term bank loans	843,087	1,275,546
Proceeds from long term loans	—	3,769,948
Repayment of bank loans	(3,372,350)	(7,647,610)
Payment of capital lease obligation	—	(74,154)
Loan to a related party (net)	—	7,086,369
Net Cash (Used in) Provided by Financing Activities	(3,256,696)	4,410,099
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(154,507)	(174,835)
Net Increase (Decrease) in Cash and Cash Equivalents	2,558,655	(5,132,947)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	4,391,921	9,524,868
Cash, Cash Equivalents and Restricted Cash - End of Year	$ 6,950,576	$ 4,391,921
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest, net of capitalized interest cost	$ 1,812,864	$ 1,484,461
Cash paid for income taxes	$ 797,473	$ 759,458
Cash and bank balances	5,916,373	3,918,938
Restricted cash	1,034,203	472,983
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	6,950,576	4,391,921

See accompanying notes to consolidated financial statements.

IT TECH PACKAGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND BUSINESS BACKGROUND

IT Tech Packaging, Inc. (the "Company") was incorporated in the State of Nevada on December 9, 2005, under the name "Carlateral, Inc." Through the steps described immediately below, we became the holding company for Hebei Baoding Dongfang Paper Milling Company Limited ("Dongfang Paper"), a producer and distributor of paper products in China, on October 29, 2007.

Effective on August 1, 2018, we changed our corporate name to IT Tech Packaging, Inc.. The name change was effected through a parent/subsidiary short-form merger of IT Tech Packaging, Inc., our wholly-owned Nevada subsidiary formed solely for the purpose of the name change, with and into us. We were the surviving entity. In connection with the name change, our common stock began being traded under a new NYSE symbol, "ITP," and a new CUSIP number, 46527C100, at such time.

On June 9, 2022, the Board of Directors of the Company approved a reverse stock split of the Company's issued and outstanding shares of common stock, par value $0.001 per share (the "Common Stock"), at a ratio of 1-for-10 (the "Reverse Stock Split"). The Reverse Stock Split become effective on July 7, 2022 (the "Effective Date"), and the shares began trading on the split-adjusted basis on the NYSE American under the Company's existing trading symbol "ITP" at market open on July 8, 2022. The new CUSIP number following the Reverse Stock Split will be 46527C 209. All references made to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the effects of the Reverse Stock Split.

On October 29, 2007, pursuant to an agreement and plan of merger (the "Merger Agreement"), the Company acquired Dongfang Zhiye Holding Limited ("Dongfang Holding"), a corporation formed on November 13, 2006 under the laws of the British Virgin Islands, and issued the shareholders of Dongfang Holding an aggregate of 7,450,497 (as adjusted for a four-for-one reverse stock split effected in November 2009) shares of our common stock, which shares were distributed pro-rata to the shareholders of Dongfang Holding in accordance with their respective ownership interests in Dongfang Holding. At the time of the Merger Agreement, Dongfang Holding owned all of the issued and outstanding stock and ownership of Dongfang Paper and such shares of Dongfang Paper were held in trust with Zhenyong Liu, Xiaodong Liu and Shuangxi Zhao, for Mr. Liu, Mr. Liu and Mr. Zhao (the original shareholders of Dongfang Paper) to exercise control over the disposition of Dongfang Holding's shares in Dongfang Paper on Dongfang Holding's behalf until Dongfang Holding successfully completed the change in registration of Dongfang Paper's capital with the relevant PRC Administration of Industry and Commerce as the 100% owner of Dongfang Paper's shares. As a result of the merger transaction, Dongfang Holding became a wholly owned subsidiary of the Company, and Dongfang Holding's wholly owned subsidiary, Dongfang Paper, became an indirectly owned subsidiary of the Company.

Dongfang Holding, as the 100% owner of Dongfang Paper, was unable to complete the registration of Dongfang Paper's capital under its name within the proper time limits set forth under PRC law. In connection with the consummation of the restructuring transactions described below, Dongfang Holding directed the trustees to return the shares of Dongfang Paper to their original shareholders, and the original Dongfang Paper shareholders entered into certain agreements with Baoding Shengde Paper Co., Ltd. ("Baoding Shengde") to transfer the control of Dongfang Paper over to Baoding Shengde.

On June 24, 2009, the Company consummated a number of restructuring transactions pursuant to which it acquired all of the issued and outstanding shares of Shengde Holdings Inc., a Nevada corporation. Shengde Holdings Inc. was incorporated in the State of Nevada on February 25, 2009. On June 1, 2009, Shengde Holdings Inc. incorporated Baoding Shengde, a limited liability company organized under the laws of the PRC. Because Baoding Shengde is a wholly-owned subsidiary of Shengde Holdings Inc., it is regarded as a wholly foreign-owned entity under PRC law.

To ensure proper compliance of the Company's control over the ownership and operations of Dongfang Paper with certain PRC regulations, on June 24, 2009, the Company entered into a series of contractual agreements (the "Contractual Agreements") with Dongfang Paper and Dongfang Paper Equity Owners via the Company's wholly owned subsidiary Shengde Holdings Inc. ("Shengde Holdings") a Nevada corporation and Baoding Shengde Paper Co., Ltd. ("Baoding Shengde"), a wholly foreign-owned enterprise in the PRC with an original registered capital of $10,000,000 (subsequently increased to $60,000,000 in June 2010). Baoding Shengde is mainly engaged in production and distribution of digital photo paper and single-use face masks and is 100% owned by Shengde Holdings. Prior to February 10, 2010, the Contractual Agreements included (i) Exclusive Technical Service and Business Consulting

Agreement, which generally provides that Baoding Shengde shall provide exclusive technical, business and management consulting services to Dongfang Paper, in exchange for service fees including a fee equivalent to 80% of Dongfang Paper's total annual net profits; (ii) Loan Agreement, which provides that Baoding Shengde will make a loan in the aggregate principal amount of $10,000,000 to Dongfang Paper Equity Owners in exchange for each such shareholder agreeing to contribute all of its proceeds from the loan to the registered capital of Dongfang Paper; (iii) Call Option Agreement, which generally provides, among other things, that Dongfang Paper Equity Owners irrevocably grant to Baoding Shengde an option to purchase all or part of each owner's equity interest in Dongfang Paper. The exercise price for the options shall be RMB1 which Baoding Shengde should pay to each of Dongfang Paper Equity Owner for all their equity interests in Dongfang Paper; (iv) Share Pledge Agreement, which provides that Dongfang Paper Equity Owners will pledge all of their equity interests in Dongfang Paper to Baoding Shengde as security for their obligations under the other agreements described in this section. Specifically, Baoding Shengde is entitled to dispose of the pledged equity interests in the event that Dongfang Paper Equity Owners breach their obligations under the Loan Agreement or Dongfang Paper fails to pay the service fees to Baoding Shengde pursuant to the Exclusive Technical Service and Business Consulting Agreement; and (v) Proxy Agreement, which provides that Dongfang Paper Equity Owners shall irrevocably entrust a designee of Baoding Shengde with such shareholder's voting rights and the right to represent such shareholder to exercise such owner's rights at any equity owners' meeting of Dongfang Paper or with respect to any equity owner action to be taken in accordance with the laws and Dongfang Paper's Articles of Association. The terms of the agreement are binding on the parties for as long as Dongfang Paper Equity Owners continue to hold any equity interest in Dongfang Paper. A Dongfang Paper Equity Owner will cease to be a party to the agreement once it transfers its equity interests with the prior approval of Baoding Shengde. As the Company had controlled Dongfang Paper since July 16, 2007 through Dongfang Holding and the trust until June 24, 2009 and continued to control Dongfang Paper through Baoding Shengde and the Contractual Agreements, the execution of the Contractual Agreements is considered as a business combination under common control.

On February 10, 2010, Baoding Shengde and the Dongfang Paper Equity Owners entered into a Termination of Loan Agreement to terminate the above-mentioned $10,000,000 Loan Agreement. Because of the Company's decision to fund future business expansions through Baoding Shengde instead of Dongfang Paper, the $10,000,000 loan contemplated was never made prior to the point of termination. The parties believe the termination of the Loan Agreement does not in itself compromise the effective control of the Company over Dongfang Paper and its businesses in the PRC.

An agreement was also entered into among Baoding Shengde, Dongfang Paper and the Dongfang Paper Equity Owners on December 31, 2010, reiterating that Baoding Shengde is entitled to 100% of the distributable profit of Dongfang Paper, pursuant to the above- mentioned Contractual Agreements. In addition, Dongfang Paper and the Dongfang Paper Equity Owners shall not declare any of Dongfang Paper's unappropriated earnings as dividend, including the unappropriated earnings of Dongfang Paper from its establishment to 2010 and thereafter.

On June 25, 2019, Dongfang Paper entered into an acquisition agreement with the shareholder of Hebei Tengsheng Paper Co., Ltd. ("Tengsheng Paper"), a limited liability company organized under the laws of the PRC, pursuant to which Dongfang Paper will acquire Tengsheng Paper. Full payment of the consideration in the amount of RMB320 million (approximately $45 million) was made on February 23, 2022.

QianrongQianhui Hebei Technology Co., Ltd ("Qianrong"), a wholly owned subsidiary of Shengde holding, was incorporated on July 15, 2021. It is a service provider of high quality material solutions for textile, cosmetics and paper production.

The Company has no direct equity interest in Dongfang Paper. However, through the Contractual Agreements described above, the Company is found to be the primary beneficiary (the "Primary Beneficiary") of Dongfang Paper and is deemed to have the effective control over Dongfang Paper's activities that most significantly affect its economic performance, resulting in Dongfang Paper being treated as a controlled variable interest entity of the Company in accordance with Topic 810 - Consolidation of the Accounting Standards Codification (the "ASC") issued by the Financial Accounting Standard Board (the "FASB"). The revenue generated from Dongfang Paper and Tengsheng Paper for the years ended December 31, 2024 and 2023 was accounted for 100%%and 99.88% of the Company's total revenue, respectively. Dongfang Paper and Tengsheng Paper also accounted for 96.07% and 94.93% of the total assets of the Company as of December 31, 2024 and 2023, respectively.

As of December 31, 2024, and 2023, details of the Company's subsidiaries and variable interest entity are as follows:

Name	Date of Incorporation or Establishment	Place of Incorporation or Establishment	Percentage of Ownership	Principal Activity
Subsidiary:				
Dongfang Holding	November 13, 2006	BVI	100%	Inactive investment holding
Shengde Holdings	February 25, 2009	State of Nevada	100%	Investment holding
Baoding Shengde	June 1, 2009	PRC	100%	Paper production and distribution
Qianrong	July 15, 2021	PRC	100%	New material technology service
Variable interest entity ("VIE"):				
Dongfang Paper	March 10, 1996	PRC	Control*	Paper production and distribution
Tengsheng Paper	April 07, 2011	PRC	Control**	Paper production and distribution

* Dongfang Paper is treated as a 100% controlled variable interest entity of the Company.

** Tengsheng Paper is 100% subsidiary of Dongfang Paper.

However, uncertainties in the PRC legal system could cause the Company's current ownership structure to be found to be in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability, through its subsidiary, to enforce its rights under these contractual arrangements. Furthermore, shareholders of the VIE may have interests that are different than those of the Company, which could potentially increase the risk that they would seek to act contrary to the terms of the aforementioned agreements.

In addition, if the current structure or any of the contractual arrangements were found to be in violation of any existing or future PRC law, the Company may be subject to penalties, which may include, but not be limited to, the cancellation or revocation of the Company's business and operating licenses, being required to restructure the Company's operations or being required to discontinue the Company's operating activities. The imposition of any of these or other penalties may result in a material and adverse effect on the Company's ability to conduct its operations. In such case, the Company may not be able to operate or control the VIE, which may result in deconsolidation of the VIE. The Company believes the possibility that it will no longer be able to control and consolidate its VIE will occur as a result of the aforementioned risks and uncertainties is remote.

The Company has aggregated the financial information of Dongfang Paper in the table below. The aggregate carrying value of Dongfang Paper's assets and liabilities (after elimination of intercompany transactions and balances) in the Company's consolidated balance sheets as of December 31, 2024, and 2023 are as follows:

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and bank balances	$ 5,850,910	$ 2,807,608
Restricted cash	1,034,203	472,983
Accounts receivable	287,576	575,526
Inventories	2,351,876	3,555,235
Prepayments and other current assets	17,922,229	18,617,351
Due from related parties	—	289,173
Total current assets	27,446,794	26,317,876
Operating lease right-of-use assets, net	421,868	528,648
Property, plant, and equipment, net	142,702,663	158,027,099
Deferred tax asset non-current	—	—
Total Assets	$170,571,325	$184,873,623
LIABILITIES		
Current Liabilities		
Short-term bank loans	$ —	$ —
Current portion of long-term loans	3,559,902	2,780,014
Lease liability	245,604	100,484
Accounts payable	—	4,991
Advance from customers	11,773	136,167
Due to related parties	26,244	—
Accrued payroll and employee benefits	172,239	231,568
Other payables and accrued liabilities	11,536,047	11,843,973
Income taxes payable	80,905	—
Total current liabilities	15,632,714	15,097,197
Long-term loans	1,112,904	4,503,932
Lease liability - non-current	231,147	483,866
Total liabilities	$ 16,976,765	$ 20,084,995

The Company and its consolidated subsidiaries are not required to provide financial support to the VIE, and no creditor (or beneficial interest holders) of the VIE have recourse to the assets of Company unless the Company separately agrees to be subject to such claims. There are no terms in any agreements or arrangements, implicit or explicit, which require the Company or its subsidiaries to provide financial support to the VIE. However, if the VIE does require financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to the VIE.

(2) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), and include the assets, liabilities, revenues, expenses and cash flows of all subsidiaries and variable interest entity. All significant inter-company balances, transactions and cash flows are eliminated on consolidation.

Liquidity and Going Concern

As of December 31, 2024, the Company had current assets of $28,461,303 (including a VAT recoverable of Tengsheng Paper in amount of $13,154,375), and current liabilities of $20,146,767, resulting in a working capital of $8,314,536. However, production of Baoding Shende has been suspended in 2024, rendering related VAT unrecoverable in the short term. Net working capital excluding VAT recoverable as of December 31, 2024 was a working capital deficit of $4,839,839. Baoding Shengde and Tengsheng Paper have incurred loss that there is doubt about these subsidiaries ability to continue as going concerns. The main reason of losses was due to high depreciation costs, decreased market demand, and elevated material costs. Therefore, there was a substantial doubt about the ability of the Company to continue as a going concern that it may be unable to realize its assets and discharge its liabilities in the normal course of business as of December 31, 2024.

To address these challenges, the Company plans to optimize its raw material structure and stabilize manufacturing capacity utilization, which will help to reduce procurement costs. Additionally, the Company is actively exploring new products and adjusting pricing strategies in a timely manner to secure a larger market share.

Furthermore, the Company will maintain rigorous control over inventory, working capital, and cash flow to mitigate financial risks. The Company will also strategically utilize financing quotas from the capital market to ensure the smooth and healthy operation of the company.

The Company's continued existence as a going concern depends on the successful implementation of its business plan. This includes increasing market acceptance of its products to boost sales volume and achieve economies of scale, while deploying more effective marketing strategies and cost control measures to better manage the operating cash flow position.

Foreign Currency Translation

The Company accounts for foreign currency translation pursuant to ASC Topic 830, *Foreign Currency Matters*. The functional currency of Dongfang Paper and Baoding Shengde is the Chinese Yuan Renminbi ("RMB"). Monetary assets and liabilities denominated in currencies other than RMB are translated into RMB at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than RMB are converted into RMB at the applicable rates of exchange prevailing the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of income. The functional currency of IT Tech Packaging and Shengde Holdings is United States dollars. Monetary assets and liabilities denominated in currencies other than United States dollars are translated into United States dollars at the rates of exchange ruling at the balance sheet date. Translation in currencies other than United States dollars are converted into United States dollars at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains or losses are recognized in the consolidated statement of income.

Under ASC Topic 830-30, all assets and liabilities are translated into United States dollars using the current exchange rate at the end of each fiscal period. The current exchange rates used by the Company as of December 31, 2024, and 2023 to translate the Chinese RMB to the U.S. Dollars are 7.1884:1, and 7.0827:1, respectively. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective years at 7.1167:1 and 7.0558:1 for the years ended December 31, 2024, and 2023, respectively. Translation adjustments are included in other comprehensive income (loss).

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of December 31, 2024, and 2023, and revenues and expenses for the years ended December 31, 2024, and 2023. The most significant estimates relate to allowance for uncollectible accounts receivable, inventory valuation, useful lives and impairment for property, plant and equipment, valuation allowance for deferred tax assets and contingencies. Actual results could differ from those estimates made by management.

Accounts Receivable

Trade accounts receivable are recorded on shipment of products to customers. The trade receivables are all without customer collateral and interest is not accrued on past due accounts. Periodically, management reviews the adequacy of its provision for doubtful accounts based on historical bad debt expense results and current economic conditions using factors based on the aging of its accounts receivable. Additionally, the Company may identify additional allowance requirements based on indications that a specific customer may be experiencing financial difficulties. Actual bad debt results could differ materially from these estimates. As of December 31, 2024, and 2023, the balance of allowance for doubtful accounts was $53,111 and $11,745, respectively; and the movement of the provision of the doubtful accounts is as below. While management uses the best information available upon which to base estimates, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used for the purposes of analysis.

Allowance of doubtful accounts	December 31, 2024	December 31, 2023
Opening balance	$11,745	$ 881,878
Provision (Reversal) for the year	41,956	(858,689)
Exchange difference	(590)	(11,444)
Closing balance	$53,111	$ 11,745

Inventories, net

Inventories are stated at the lower of cost (weighted average basis) or net realizable value. The methods of determining inventory costs are used consistently from year to year. Net realizable value is based on estimated selling prices less selling expenses and any further costs expected to be incurred for completion. Adjustments to reduce the cost of inventory to net realizable value are made, if required, for estimated excess, obsolescence, or impaired balances.

Inventories consist principally of raw materials and finished goods. Cost includes labor, raw materials, and allocated overhead. Provision in inventories were $730,490 and $2,970 for the years ended December 31, 2024, and 2023, respectively.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Major renewals, betterments, and improvements are capitalized to the asset accounts while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are expensed to operations. At the time property, plant, and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation or amortization accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to operations.

Construction-in-progress is stated at cost and capitalized as expenses are incurred or as payments are made pursuant to relevant construction contracts. Contract retention is recorded as accrued liability. Construction in progress is not depreciated until project completion and the constructed property being placed in service, at which time the capitalized balance will be transferred to appropriate account of property, plant and equipment.

The Company depreciates property, plant, and equipment using the straight-line method as follows:

Land use right	Over the lease term
Building and improvements	30 years
Machinery and equipment	5-15 years
Vehicles	15 years

Valuation of long-lived asset

The Company reviews the carrying value of long-lived assets to be held and used when events and circumstances warrants such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset and intangible assets. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets and intangible assets to be disposed are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

Statutory Reserves

According to the laws and regulations in the PRC, the Company is required to provide for certain statutory funds, namely, a reserve fund by an appropriation from net profit after taxation but before dividend distribution based on the local statutory financial statements of the PRC subsidiaries and variable interest entity prepared in accordance with the PRC accounting principles and relevant financial regulations.

Each of the Company’s wholly owned subsidiary and variable interest entity in the PRC are required to allocate at least 10% of its net profit to the reserve fund until the balance of such fund has reached 50% of its registered capital. Appropriations of additional reserve fund are determined at the discretion of its directors. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

For the years ended December 31, 2024, and 2023, IT Tech Packaging made transfers of $nil to this reserve fund. No statutory reserves were provided for the year ended December 31, 2024, and 2023. The Company’s variable interest entity Dongfang Paper, the statutory reserve account of which has been fully funded for 50% of its registered capital in the amount of RMB 75,030,000 (or approximately $11,811,470) since December 31, 2010, did not make any transfer to statutory reserves during the years ended December 31, 2024, and 2023.

Employee Benefit Plan

Full time employees of the PRC entities participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance and other welfare benefits are provided to employees. The total provision for such employee benefits was $nil for the years ended December 31, 2024, and 2023.

Revenue Recognition

The Company adopted ASC Topic 606, *Revenue from Contracts with Customers*, and all subsequent ASUs that modified ASC 606 on April 1, 2017 using the full retrospective method which requires the Company to present the financial statements for all periods as if Topic 606 had been applied to all prior periods. The company derives revenue principally from producing and sales of paper products. Revenue from contracts with customers is recognized using the following five steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

A contract contains a promise (or promises) to transfer goods or services to a customer. A performance obligation is a promise (or a group of promises) that is distinct. The transaction price is the amount of consideration a company expects to be entitled from a customer in exchange for providing the goods or services.

The unit of account for revenue recognition is a performance obligation (a good or service). A contract may contain one or more performance obligations. Performance obligations are accounted for separately if they are distinct. A good or service is distinct if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and the good or service is distinct in the context of the contract. Otherwise, performance obligations are combined with other promised goods or services until the Company identifies a bundle of goods or services that is distinct. Promises in contracts which do not result in the transfer of a good or service are not performance obligations, as well as those promises that are administrative in nature, or are immaterial in the context of the contract. The Company has addressed whether various goods and services promised to the customer represent distinct performance obligations. The Company applied the guidance of ASC Topic 606-10-25-16 through 18 in order to verify which promises should be assessed for classification as distinct performance obligations.

The Company's revenue is primary derived from sales of paper products. The Company recognizes revenue when goods are delivered, when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist, and collectability is reasonably assured. Goods are considered delivered when customer's truck picks up goods at the Company's finished goods inventory warehouse.

Shipping Cost

Substantially all customers use their own trucks or hire commercial trucking companies to pick up goods from the Company. The Company usually incurs no shipping cost for delivery of goods to customers. For those rare situations where products are not shipped utilizing customer specified shipping services, the Company charges customers a shipping fee which is included in net revenues and was not material. Freight-in and handling costs incurred by the Company with respect to purchased goods are recorded as a component of inventory cost and charged to cost of sales when the inventory items are sold.

Advertising

The Company expenses all advertising and promotion costs as incurred. The Company incurred $nil advertising and promotion costs for the years ended December 31, 2024, and 2023.

Research and development costs

Research and development costs are expensed as incurred and included in selling, general and administrative expenses. Research and development expenses incurred $99,610 and $90,766 for the years ended December 31, 2024, and 2023, respectively.

Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalized as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalized. All other borrowing costs are recognized in interest expenses in the period in which they are incurred.

Income Taxes

The Company accounts for income taxes pursuant to ASC Topic 740, Income Taxes. Income taxes are provided on an asset and liability approach for financial accounting and reporting of income taxes. Any tax paid by subsidiaries during the year is recorded. Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purpose and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. ASC Topic 740 also requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and the tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax losses and tax credit carry-forwards. ASC Topic 740 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. Realization of deferred tax assets, including those related to the U.S. net operating loss carry-forwards, are dependent upon future earnings, if any, of which the timing and amount are uncertain.

The Company adopted ASC Topic 740-10-05, *Income Tax*, which provides guidance for recognizing and measuring uncertain tax positions, it prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on derecognizing, classification and disclosure of these uncertain tax positions.

The Company's policy on classification of all interest and penalties related to unrecognized income tax positions, if any, is to present them as a component of income tax expense.

Value Added Tax

Both the PRC subsidiaries and variable interest entity of the Company are subject to value added tax ("VAT") imposed by the PRC government on its purchase and sales of goods. The output VAT is charged to customers who purchase goods from the Company and the input VAT is paid when the Company purchases goods from its vendors. VAT rate is 17% (before May 1, 2018), 16% (after May 1, 2018) and 13% (after April 1, 2019) in general, depending on the types of products purchased and sold. The input VAT can be offset against the output VAT. Debit balance of VAT payable represents a credit against future collection of output VAT instead of a receivable due from government.

Comprehensive Income (Loss)

The Company presents comprehensive income (loss) in accordance with ASC Topic 220, *Comprehensive Income*. ASC Topic 220 states that all items that are required to be recognized under accounting standards as components of comprehensive income (loss) be reported in the consolidated financial statements. The components of comprehensive income (loss) were the net income for the years and the foreign currency translation adjustments.

Earnings Per Share

Basic earnings per share is computed by dividing the net income attributable to the common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no potentially dilutive securities that were in-the-money that were outstanding during the years ended December 31, 2024.

Fair Value Measurements

The Company has adopted ASC Topic 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. It does not require any new fair value measurement, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. It establishes a three-level valuation hierarchy of valuation techniques based on observable and unobservable inputs, which may be used to measure fair value and include the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

The Company estimates the fair value of financial instruments using the available market information and valuation methods. Considerable judgment is required in estimating fair value. Accordingly, the estimates of fair value may not be indicative of the amounts that the Company could realize in a current market exchange. As of December 31, 2024, and 2023, the carrying value of the Company's short term financial instruments, such as cash and bank balances, accounts receivable, accounts and notes payable, short-term bank loans and balance due to related parties, approximate at their fair values because of the short maturity of these instruments; while loans from credit union approximates at their fair value as the interest rates thereon are close to the market rates of interest published by the People's Bank of China.

Derivative liabilities are measured at fair value on a recurring basis.

Non-Recurring Fair Value Measurements

The Company reviews long-lived assets for impairment annually or more frequently if events or changes in circumstances indicate the possibility of impairment. For the continuing operations, long-lived assets are measured at fair value on a nonrecurring basis when there is an indicator of impairment, and they are recorded at fair value only when impairment is recognized. For discontinued operations, long-lived assets are measured at the lower of carrying amount or fair value less cost to sell. The fair value of these assets was determined using models with significant unobservable inputs which were classified as Level 3 inputs, primarily the discounted future cash flow.

Recently issued accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Under this ASU, public entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). This ASU's amendments are effective for all entities that are subject to Topic 740, Income Taxes, for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this pronouncement on our disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures, which emphasizes the importance of providing more granular and detailed expense information in financial statements. The update requires entities to disaggregate expenses by nature and function on the income statement, offering a clearer picture of an entity's cost structure and operational efficiency. This enhanced disclosure is intended to improve the transparency and comparability of financial reporting. Entities must apply the new guidance retrospectively to all periods presented in the financial statements. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is in the process of assessing the impact of these changes on its financial reporting and will implement the necessary adjustments to comply with the updated standards.

(3) RESTRICTED CASH

Restricted cash of $1,034,203 and $472,983 as of December 31, 2024 and 2023 was presented for the cash deposited at the banks of Tengsheng Paper. The deposits were restricted due to the legal proceeding against Tengsheng Paper and Jie Ping, who had served as the executive director and the legal representative of Tengsheng Paper.

(4) INVENTORIES

Raw materials inventory includes mainly recycled paper and gas. Finished goods include mainly products of corrugating medium paper and offset printing paper. Inventories consisted of the following as of and December 31, 2024, and 2023:

	December 31, 2024	December 31, 2023
Recycled paper board	$1,353,543	$ 198,744
Recycled white scrap paper	10,491	10,647
Gas	16,334	21,428
Base paper and other raw materials	132,348	142,149
	1,512,716	372,968
Semi-finished Goods	295,792	300,207
Finished Goods	1,269,487	2,885,019
Total inventory, gross	3,077,995	3,558,194
Inventory reserve	(726,119)	(2,959)
	$2,351,876	$3,555,235

The movement of inventory reserve was as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Balance at beginning of year	$ 2,959	$ —
Additional charge (written off), net	730,490	2,970
Foreign currency translation difference	(7,330)	(11)
Balance at the end of year	$726,119	$2,959

(5) PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following as of December 31, 2024, and 2023:

	December 31, 2024	December 31, 2023
Prepayment for purchase of materials	$ 5,634,870	$ 5,446,823
Value-added tax recoverable	13,154,375	13,409,459
Prepaid gas	14,096	116,372
Others	8,527	8,636
Allowance for doubtful accounts	(860,601)	—
	$17,951,267	$18,981,290

The movement of allowance for doubtful accounts was as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Balance at beginning of year	$ —	$ —
Additional charge (written off), net	869,272	—
Foreign currency translation difference	(8,671)	—
Balance at the end of year	$860,601	$ —

(6) PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2024, and 2023, property, plant and equipment consisted of the following:

	December 31, 2024	December 31, 2023
Land use rights	$ 80,306,144	$ 81,504,608
Building and improvements	66,580,793	67,939,059
Machinery and equipment	156,179,361	158,629,858
Vehicles	343,088	348,209
Construction in progress	—	—
Totals	303,409,386	308,421,734
Less: accumulated depreciation and amortization	(156,497,503)	(144,447,712)
Property, Plant and Equipment, net	$ 146,911,883	$ 163,974,022

As of December 31, 2024 and 2023, land use rights represented twenty three parcels of state-owned lands located in Xushui District and Wei County of Hebei Province in China, with lease terms of 50 years expiring in 2061 and 2068, respectively.

As of December 31, 2024 and 2023, certain property, plant and equipment of Dongfang Paper with net values of $nil have been pledged pursuant to a long-term loan from credit union of Dongfang Paper. Certain property, plant and equipment of Baoding Shengde with net value of $3,407,848 have been pledged pursuant two short-term loans from credit union of Baoding Shengde. See “Short-term bank loans” under Note (8), Loans Payable, for details of the transaction and asset collaterals.

Depreciation and amortization of property, plant and equipment was $14,221,082 and $14,225,990 for the years ended December 31, 2024, and 2023, respectively. Loss from disposal and impairment of property, plant and equipment of $102,490 and $1,500,298 were recorded for the years ended December 31, 2024, and 2023.

(7) LEASES

Operating lease as lessor

The Company has a non-cancellable agreement to lease plant to tenant under operating lease for 1 year from November 2023 to November 2024. The lease does not contain contingent payments. The rental income of the year was paid in advance by the tenant in December 2023.

Operating lease as lessee

The Company leases space under non-cancelable operating leases for plant and production equipment. The lease does not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the lease does not contain contingent rent provisions.

The lease include option to renew in condition that it is agreed by the landlord before expiry. Therefore, the majority of renewals to extend the lease terms are not included in its right-of-use assets and lease liabilities as they are not reasonably certain of exercise. The Company regularly evaluate the renewal options and when they are reasonably certain of exercise, the Company includes the renewal period in its lease term.

As the Company’s leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments.

The components of the Company's lease expense are as follows:

	Year Ended 2024 RMB
Operating lease cost	100,004
Short-term lease cost	—
Lease cost	100,004

Supplemental cash flow information related to its operating lease was as follows for the period ended December 31, 2024:

	Year Ended 2023 RMB
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflow from operating lease	139,113

Maturities of its lease liabilities for all operating lease are as follows as of December 31, 2024:

December 31,	Amount
2025	139,113
2026	139,113
2027	139,113
2028	139,113
2029	—
Thereafter	—
Total operating lease payments	$ 556,452
Less: Interest	(79,701)
Present value of lease liabilities	476,751
Less: current portion, record in current liabilities	(245,604)
Present value of lease liabilities	231,147

The weighted average remaining lease terms and discount rates for all of its operating leases were as follows as of December 31, 2024:

Remaining lease term and discount rate:	December 31, 2024 RMB
Weighted average remaining lease term (years)	3.6
Weighted average discount rate	7.56%

(8) LOANS PAYABLE

Short-term bank loans

	December 31, 2024	December 31, 2023
Rural Credit Union of Xushui District Loan 1	$1,808,469	$ —
Rural Credit Union of Xushui District Loan 2	2,225,808	—
Industrial and Commercial Bank of China ("ICBC") Loan 1	—	2,824
ICBC Loan 2	—	70,594
ICBC Loan 3	—	350,149
ICBC Loan 4	2,782	—
ICBC Loan 5	139,113	—
ICBC Loan 6	139,113	—
ICBC Loan 7	136,331	—
Total short-term bank loans	$4,451,616	$423,567

On December 24, 2024, the Company entered into a loan agreement with the Rural Credit Union of Xushui District to borrow $1,808,469 (RMB13,000,000) to repay the existing long-term loan of the same amount. The loan was secured by the equipment of Baoding Shengde as collateral for the benefit of the bank. The loan bears a fixed rate of 6% and will be due by December 23, 2025.

On December 24, 2024, the Company entered into a loan agreement with the Rural Credit Union of Xushui District to borrow $2,225,808 (RMB16,000,000) to repay the existing long-term loan of the same amount. The loan was secured by the equipment of Baoding Shengde as collateral for the benefit of the bank and guaranteed by a third party company. The loan bears a fixed rate of 6% and will be due by December 23, 2025.

On September 15, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $2,824 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On September 22, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $70,594 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On September 22, 2023, the Company entered into a working capital loan agreement with the ICBC, with a balance of $nil and $350,149 as of December 31, 2024 and 2023, respectively. The loan bore a fixed interest rate of 3.45% per annum. The loan was repaid in June 2024.

On June 11, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $2,782 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 11, 2025.

On June 21, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $139,113 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 21, 2025.

On June 22, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $139,113 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 22, 2025.

On June 24, 2024, the Company entered into a working capital loan agreement with the ICBC, with a balance of $136,331 as of December 31, 2024. The loan bears a fixed interest rate of 3.45% per annum. The loan is due for repayment by June 24, 2025.

As of December 31, 2024, there were guaranteed short-term borrowings of $2,225,808 and unsecured bank loans of $417,339. As of December 31, 2023, there were guaranteed short-term borrowings of $nil and unsecured bank loans of $423,567.

The average short-term borrowing rates for the years ended December 31, 2024, and 2023 were approximately 4.6% and 4.48%, respectively.

Long-term loans

As of December 31, 2024, and 2023, long-term loan balance is $4,672,806 and $11,378,429, respectively.

	December 31, 2024	December 31, 2023
Rural Credit Union of Xushui District Loan 1	$ 3,476,434	$ 3,528,315
Rural Credit Union of Xushui District Loan 2	—	2,259,026
Rural Credit Union of Xushui District Loan 3	—	1,835,458
Rural Credit Union of Xushui District Loan 4	—	2,541,404
Rural Credit Union of Xushui District Loan 5	1,196,372	1,214,226
Total	4,672,806	11,378,429
Less: Current portion of long-term loans	(3,559,902)	(6,874,497)
Long-term loans	$ 1,112,904	$ 4,503,932

As of Dec 31, 2024, the Company's long-term debt repayments for the next coming years were as follows:

Fiscal year	Amount
2025	3,559,902
2026 & after	1,112,904
Total	4,672,806

On July 15, 2013, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 5 years, which was originally due and payable in various installments from December 21, 2013 to July 26, 2018. On June 21, 2018, the loan was extended for additional 5 years and was due and payable in various installments from December 21, 2018 to June 20, 2023. On August 24, 2023, the loan was extended for another 3 years and will be due and payable on August 24, 2026. The loan is secured by certain of the Company's manufacturing equipment with net book value of $nil as of December 31, 2024 and 2023. Interest payment is due monthly and bore a rate of 7.68% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. As of December 31, 2024 and 2023, the total outstanding loan balance was $3,476,434 and $3,528,315. Out of the total outstanding loan balance, current portion amounted was $2,641,756 and $1,269,290, which is presented as current liabilities in the consolidated balance sheet and the remaining balance of $834,678 and $2,259,025 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On April 17, 2019, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which was due and payable in various installments from August 21, 2019 to April 16, 2021. The loan was renewed on March 22, 2021, December 24, 2021 and April 16, 2024 and extended for additional 5 years in total, which is due on April 15, 2026 according to the new schedule. The loan was secured by Tengsheng Paper with its land use right as collateral for the benefit of the credit union. Interest payment was due quarterly and bore a rate of 7.2% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. On December 24, 2024, the Company entered into a one-year loan agreement with the Rural Credit Union of Xushui District for same amount to repay the loan. This refinancing arrangement secured a lower market rate and did not involve any cash inflows or outflows. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $2,259,026, respectively, which are presented as current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023.

On December 12, 2019, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which is due and payable in various installments from June 21, 2020 to December 11, 2021. The loan was renewed on March 22, 2021 and December 24, 2021 and extended for additional 3 years in total, which was due on December 11, 2024 according to the new schedule. The loan was secured by Tengsheng Paper with its land use right as collateral for the benefit of the credit union. Interest payment is due monthly and bore a rate of 7.56% per annum. Effective from November 15, 2022, the interest rate was reduced to 7% per annum. On December 24, 2024, the Company entered into a one-year loan agreement with the Rural Credit Union of Xushui District for same amount to repay the loan. This refinancing arrangement secured a lower market rate and did not involve any cash inflows or outflows. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $1,835,458, respectively, which are presented as current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On February 26, 2023, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 2 years, which is due and payable in various installments from August 21, 2023 to February 24, 2025. The loan is secured by Dongfang Paper with its land use right as collateral for the benefit of the credit union. Interest payment is due monthly and bore a rate of 7% per annum. The loan was repaid in July 2024. As of December 31, 2024 and 2023, the total outstanding loan balance was $nil and $2,541,404. Out of the total outstanding loan balance, current portion amounted was $nil and $1,284,820, which is presented as current liabilities in the consolidated balance sheet and the remaining balance of $nil and $1,256,584 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

On December 5, 2023, the Company entered into a loan agreement with the Rural Credit Union of Xushui District for a term of 3 years, which was due in various installments from June 21, 2024 to December 5, 2026. The loan is guaranteed by an independent third party. Interest payment is due monthly and bears a rate of 7% per annum. As of December 31, 2024 and 2023, total outstanding loan balance was $1,196,372 and $1,214,226, respectively. Out of the total outstanding loan balance, current portion amounted $918,146 and $225,903, which is presented as current liabilities and the remaining balance of $278,226 and $988,323 is presented as non-current liabilities in the consolidated balance sheet as of December 31, 2024 and 2023, respectively.

Total interest expenses for the short-term bank loans and long-term loans for the years ended December 31, 2024, and 2023 were $762,377 and $977,678 respectively.

(9) RELATED PARTY TRANSACTIONS

Mr. Zhenyong Liu has loaned money to Dongfang Paper for working capital purposes over a period of time. On January 1, 2013, Dongfang Paper and Mr. Zhenyong Liu renewed the three-year term loan previously entered on January 1, 2010, and extended the maturity date further to December 31, 2015. On December 31, 2015, the Company paid off the loan of $2,249,279, together with interest of $391,374 for the period from 2013 to 2015. Approximately $356,594 and $361,915 of interest were outstanding to Mr. Zhenyong Liu, which were recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet as of December 31, 2024, and 2023, respectively.

On December 10, 2014, Mr. Zhenyong Liu provided a loan to the Company, amounted to $8,742,278 to Dongfang Paper for working capital purpose with an interest rate of 4.35% per annum, which was based on the primary lending rate of People's Bank of China. The unsecured loan was provided on December 10, 2014, and would be originally due on December 10, 2017. During the year of 2016, the Company repaid $6,012,416 to Mr. Zhenyong Liu, together with interest of $288,596. In February 2018, the company paid off the remaining balance, together with interest of $20,400. As of December 31, 2024, and 2023, approximately $41,734 and $42,357 of interest were outstanding to Mr. Zhenyong Liu, which was recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet.

On March 1, 2015, the Company entered an agreement with Mr. Zhenyong Liu which allows Dongfang Paper to borrow from the CEO an amount up to $17,201,342 (RMB120,000,000) for working capital purposes. The advances or funding under the agreement are due three years from the date each amount is funded. The loan is unsecured and carries an annual interest rate set on the basis of the primary lending rate of the People's Bank of China at the time of the borrowing. On July 13, 2015, an unsecured amount of $4,324,636 was drawn from the facility. On October 14, 2016 an unsecured amount of $2,883,091 was drawn from the facility. In February 2018, the company repaid $1,507,432 to Mr. Zhenyong Liu. The loan would be originally due on July 12, 2018. Mr. Zhenyong Liu agreed to extend the loan for additional 3 years and the remaining balance will be due on July 12, 2021. On November 23, 2018, the company repaid $3,768,579 to Mr. Zhenyong Liu, together with interest of $158,651. In December 2019, the Company paid off the remaining balance, together with interest of 94,636. As of December 2024, and 2023, the outstanding interest was $191,193 and $194,047, respectively, which was recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet.

As of December 31, 2024, and 2023, total amount of loans due to Mr. Zhenyong Liu were $nil. The interest expense incurred for such related party loans were $nil for the years ended December 31, 2024, and 2023. The net interest owe to Mr. Zhenyong Liu was approximately $304,600 and $598,319, as of December 31, 2024, and 2023, respectively, which was recorded in other payables and accrued liabilities.

In October 2022 and November 2022, the Company entered into two agreements with Mr. Zhenyong Liu, which allowed Mr. Zhenyong Liu to borrow from the Company an amount of $7,059,455 (RMB50,000,000) in total. The loans were unsecured and carried a fixed interest rate of 4.35% per annum. $4,235,673 (RMB30,000,000) was repaid by Mr. Zhengyong Liu in August 2023 and the remaining balance was repaid in December 2023. Interest income of the loan for the years ended December 31, 2024 and 2023 were $nil and $290,275.

As of December 31, 2024, and 2023, amount due to shareholder are $nil and $727,433, respectively, which represent funds from shareholders to pay for various expenses incurred in the U.S. The amount is due on demand with interest free.

(10) OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities consist of the following

	December 31, 2024	December 31, 2023
Accrued electricity	$ 2,964	$ 3,054
Value-added tax payable	21,868	696
Accrued interest to a related party	304,600	598,319
Payable for purchase of property, plant and equipment	10,711,678	11,175,858
Accrued commission to salesmen	3,877	47,040
Accrued bank loan interest	14,955	1,070,708
Accrued litigation costs	461,855	—
Others	24,193	16,842
Totals	$11,545,990	$12,912,517

(11) DERIVATIVE LIABILITIES

The Company analyzed the warrant for derivative accounting consideration under ASC 815, "*Derivatives and Hedging, and hedging*," and determined that the instrument should be classified as a liability since the warrant becomes effective at issuance resulting in there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options.

ASC 815 requires we assess the fair market value of derivative liability at the end of each reporting period and recognize any change in the fair market value as other income or expense item.

The Company determined our derivative liabilities to be a Level 3 fair value measurement and used the Black-Scholes pricing model to calculate the fair value as of December 31, 2024. The Black-Scholes model requires six basic data inputs: the exercise or strike price, time to expiration, the risk-free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Changes to these inputs could produce a significantly higher or lower fair value measurement. The fair value of each warrant is estimated using the Black-Scholes valuation model. The following weighted-average assumptions were used in the December 31, 2024:

	Year ended December 31, 2024
Expected term	0.42 - 2.75
Expected average volatility	85% - 132%
Expected dividend yield	—
Risk-free interest rate	0.13% - 4.25%

The following table summarizes the changes in the derivative liabilities during the year ended December 31, 2024:

Fair Value Measurements Using Significant Observable Inputs (Level 3)

Balance at December 31, 2023	$ 54
Change in fair value of derivative liability	5,597
Balance at December 31, 2024	$ 5,651

The following table summarizes the loss on derivative liability included in the income statement for the year ended December 31, 2024 and 2023, respectively.

	Year Ended December 31,	
	2024	2023
Day one loss due to derivative liabilities as warrant	$ —	$ —
Loss (Gain) on change in fair value of derivative liability	5,597	(646,229)
	5,597	(646,229)

(12) COMMON STOCK

Issuance of common stock to investors

On January 20, 2021, the Company offered and sold to certain institutional investors an aggregate of 2,618,182 shares of common stock and 2,618,182 warrants to purchase up to 2,618,182 shares of common stock in a best-efforts public offering for gross proceeds of approximately $14.4 million. The purchase price for each share of common stock and the corresponding warrant was $5.5. The exercise price of the warrant was $5.5 per share.

On March 1, 2021, the Company offered and sold to the public investors an aggregate of 2,927,786 shares of common stock and 1,463,893 warrants to purchase up to 1,463,893 shares of common stock in a firm commitment underwritten public offering for gross proceeds of approximately $21.9 million. The purchase price for each share of common stock and accompanying warrant was $7.5. The exercise price of the warrant was $7.5 per share.

(13) WARRANTS

On April 29, 2020, the Company and certain institutional investors entered into a securities purchase agreement, as amended on May 4, 2020 (the “2020 Purchase Agreement”), pursuant to which the Company agreed to sell to such investors an aggregate of 440,000 shares of common stock and warrants to purchase up to 440,000 shares of common stock in a concurrent private placement (the “May 2020 Warrants”). The exercise price of the May 2020 Warrant is $7.425 per share. These warrants become exercisable on July 23, 2020 and have a term of exercise equal to five years and six months from the date of issuance till July 23, 2025. 88,000 May 2020 Warrants were exercised in February 2021 at the exercise price of $7.425 per share and 352,000 May 2020 Warrants were outstanding as of December 31, 2024.

On January 20, 2021, the Company offered and sold to certain institutional investors an aggregate of 2,618,182 shares of common stock and 2,618,182 warrants to purchase up to 2,618,182 shares of common stock (the "January 2021 Warrants"). The January 2021 Warrants became exercisable on January 20, 2021 at an exercise price of $5.5 and will expire on January 20, 2026. 1,410,690 January 2021 Warrants were exercised in January and February of 2021 at the exercise price of $5.5 per share. 1,207,492 January 2021 Warrants were outstanding as of December 31, 2024.

On March 1, 2021, the Company offered and sold to the public investors an aggregate of 2,927,786 shares of common stock and 1,463,893 warrants to purchase up to 1,463,893 shares of common stock (the "March 2021 Warrants"). The March 2021 Warrants became exercisable on March 1, 2021 at an exercise price of $7.5 and will expire on March 1, 2026. 6,750 March 2021 Warrants were exercised in January and March 2021 at the exercise price of $7.5 per share and 1,457,143 March 2021 Warrants were outstanding as of December 31, 2024.

The Company classified warrant as liabilities and accounted for the issuance of the warrants as a derivative.

A summary of stock warrant activities is as below:

	Year Ended December 31, 2024	
	Number	Weight average exercise price
Outstanding and exercisable at beginning of the period	3,016,635	$6.6907
Issued during the period	—	—
Exercised during the period	—	—
Cancelled or expired during the period	—	—
Outstanding and exercisable at end of the period	3,016,635	$6.6907

The following table summarizes information relating to outstanding and exercisable warrants as of December 31, 2024.

Warrants Outstanding			Warrants Exercisable	
Number of Shares	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
3,016,635	1.08	$6.6907	3,016,635	$6.6907

Aggregate intrinsic value is the sum of the amounts by which the quoted market price of the Company's stock exceeded the exercise price of the warrants at December 31, 2024 for those warrants for which the quoted market price was in excess of the exercise price ("in-the-money" warrants). The intrinsic value of the warrants as of December 31, 2024 and 2023 are $nil.

(14) EARNINGS PER SHARE

For the years ended December 31, 2024, and 2023, basic and diluted net income per share are calculated as follows:

	Year Ended December 31,	
	2024	2023
Basic (loss) income per share		
Net (loss) income for the year - numerator	$ (9,843,094)	$ (9,946,035)
Weighted average common stock outstanding - denominator	10,065,920	10,065,920
Net (loss) income per share	$ (0.98)	$ (0.99)
Diluted (loss) income per share		
Net (loss) income for the year - numerator	$ (9,843,094)	$ (9,946,035)
Weighted average common stock outstanding - denominator	10,065,920	10,065,920
Effect of dilution	—	—
Weighted average common stock outstanding - denominator	10,065,920	10,065,920
Diluted loss per share	$ (0.98)	$ (0.99)

(15) INCOME TAXES

United States

The Company and Shengde Holdings are incorporated in the State of Nevada and are subject to the U.S. federal tax and state statutory tax rates up to 34% and 0%, respectively. On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "2017 TCJA"), which significantly changed U.S. tax law. The 2017TCJA lowered the Company's U.S. statutory federal income tax rate from the highest rate of 35% to 21% effective January 1, 2018, while also imposing a deemed repatriation tax on deferred foreign income which requires companies to pay a one-time transition tax on previously unremitted earnings of non-U.S. subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. The SEC staff issued Staff Accounting Bulletin (SAB) 118, which provides guidance on accounting for enactment effects of the 2017TCJA. SAB 118 provides a measurement period of up to one year from the 2017TCJA's enactment date for companies to complete their accounting under ASC740. In accordance with SAB 118, to the extent that a company's accounting for certain income tax effects of the 2017TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in its financial statements. If a company cannot determine a provisional estimate to be included in its financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the 2017TCJA.

Transition tax: The transition tax is a tax on previously untaxed accumulated and current earnings and profits (E&P) of certain of the Company's non-U.S. subsidiaries. To determine the amount of the transition tax, the Company must determine, in addition to other factors, the amount of post-1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. The Company was able to make a reasonable estimate of the transition tax and recorded a provisional obligation and additional income tax expense of approximately $80,000 in the fourth quarter of 2017. However, the Company is continuing to gather additional information and will consider additional technical guidance to more precisely compute and account for the amount of the transition tax. This amount may change when the Company finalizes the calculation of post-1985 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash or other specified assets. The 2017TCJA's transition tax is payable over eight years beginning in 2018.

PRC

Dongfang Paper and Baoding Shengde are PRC operating companies and are subject to PRC Enterprise Income Tax. Pursuant to the PRC New Enterprise Income Tax Law, Enterprise Income Tax is generally imposed at a statutory rate of 25%.

The provisions for income taxes for the years ended December 31, 2024, and 2023 were as follows:

	Year Ended December 31,	
	2024	2023
Provision for Income Taxes		
Current Tax Provision U.S.	$ 36,793	$ —
Current Tax Provision PRC	842,401	346,954
Deferred Tax Provision PRC	—	—
Total Income Tax Expenses (Benefits)	$879,194	$346,954

In addition to the reversible future PRC income tax benefits stemming from the timing differences of items such as recognition of asset disposal gain or loss and asset depreciation, the Company was incorporated in the United States and incurred net operating losses of approximately $568,358 and $62,499 for U.S. income tax purposes for the years ended December 31, 2024 and 2023, respectively. The net operating loss carried forward may be available to reduce future years' taxable income. These carry forwards would expire, if not utilized, during the period of 2030 through 2035. As of December 31, 2024, management believed that the realization of all the U.S. income tax benefits from these losses, which generally would generate a deferred tax asset if it can be expected to be utilized in the future, appears not more than likely due to the Company's limited operating history and continuing losses for United States income tax purposes. Accordingly, As of December 31, 2024, and 2023, the Company provided a 100% valuation allowance on the U.S. deferred tax asset benefit to reduce the total deferred tax asset to the amount realizable for the PRC income tax purposes. Management reviews this valuation allowance periodically and will make adjustments as warranted. A summary of the otherwise deductible (or taxable) deferred tax items is as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets (liabilities)		
Depreciation and amortization of property, plant and equipment	$ 18,875,162	$ 16,922,756
Impairment of property, plant and equipment	602,139	585,380
Impairment of inventory	181,530	—
Provision for doubtful debts	446,064	—
Miscellaneous	247,969	135,714
Net operating loss carryover of PRC company	432,365	274,525
(Gain) Loss on asset disposal	(63,123)	(64,065)
Total deferred tax assets	20,722,106	17,854,310
Less: Valuation allowance	(20,722,106)	(17,854,310)
Total deferred tax assets, net	$ —	$ —

The following table reconciles the statutory rates to the Company's effective tax rate as of:

	Year Ended December 31,	
	2024	2023
PRC Statutory rate	25.0%	25.0%
Effect of tax and book difference	(2.8)%	(20.7)%
Change in valuation allowance	(32.0)%	(7.9)%
Effective income tax rate	(9.8)%	(3.6)%

During the years ended December 31, 2024, and 2023, the effective income tax rate was estimated by the Company to be -9.8% and -3.6%, respectively.

As of December 31, 2024, except for the one-time transition tax under the 2017 TCJA which imposes a U.S. tax liability on all unrepatriated foreign E&Ps, the Company does not believe that its future dividend policy and the available U.S. tax deductions and net operating losses will cause the Company to recognize any other substantial current U.S. federal or state corporate income tax liability in the near future. Nor does it believe that the amount of the repatriation of the VIE's earnings and profits for purposes of paying dividends will change the Company's position that its PRC subsidiary Baoding Shengde and the VIE, Dongfang Paper are considered or are expected to be indefinitely reinvested offshore to support our future capacity expansion. If these earnings are repatriated to the U.S. resulting in U.S. taxable income in the future, or if it is determined that such earnings are to be remitted in the foreseeable future, additional tax provisions would be required.

The Company has adopted ASC Topic 740-10-05, Income Taxes. To date, the adoption of this interpretation has not impacted the Company's financial position, results of operations, or cash flows. The Company performed self-assessment and the Company's liability for income taxes includes the liability for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by taxing authorities. Audit periods remain open for review until the statute of limitations has passed, which in the PRC is usually 5 years. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. As of December 31, 2024 and 2023, management considered that the Company had no uncertain tax positions affecting its consolidated financial position and results of operations or cash flows, and will continue to evaluate for any uncertain position in future. There are no estimated interest costs and penalties provided in the Company's consolidated financial statements for the year ended December 31, 2024 and 2023, respectively. The Company's tax positions related to open tax years are subject to examination by the relevant tax authorities and the major one is the China Tax Authority.

(16) STOCK INCENTIVE PLANS

2023 Incentive Stock Plan

On October 31, 2023, the Company's Annual General Meeting adopted and approved the 2023 Omnibus Equity Incentive Plan of IT Tech Packaging, Inc. (the"2023 ISP"). Under the 2023 ISP, the Company has reserved a total of 1,500,000 shares of common stock for issuance as or under awards to be made to the directors, officers, employees and/or consultants of the Company and its subsidiaries.

All shares of common stock under the 2023 ISP, including shares originally authorized by equity holders and shares remaining for future issuance as of December 31, 2024, have been reserved.

(17) COMMITMENTS AND CONTINGENCIES

Xushui Land Lease

The Company leases 32.95 acres of land from a local government in Xushui District, Baoding City, Hebei, China through a real estate lease with a 30-year term, which expires on December 31, 2031. The lease requires an annual rental payment of approximately $16,694 (RMB120,000). This lease is renewable at the end of the 30-year term.

December 31,	Amount
2025	16,694
2026	16,694
2027	16,694
2028	16,694
2029	16,694
Thereafter	33,387
Total operating lease payments	$116,857

Sale of Headquarters Compound Real Properties

On August 7, 2013, the Company's Audit Committee and the Board of Directors approved the sale of the land use right of the Headquarters Compound (the "LUR"), the office building and essentially all industrial-use buildings in the Headquarters Compound (the "Industrial Buildings"), and three employee dormitory buildings located within the Headquarters Compound (the "Dormitories") to Hebei Fangsheng for cash prices of approximately $2.77 million, $1.15 million, and $4.31 million respectively. Sales of the LUR and the Industrial Buildings were completed in year 2013.

In connection with the sale of the Industrial Buildings, Hebei Fangsheng agreed to lease the Industrial Buildings back to the Company for its original use with an annual rental payment of approximately $139,113 (RMB1,000,000). The lease was recorded in lease assets and liabilities in the consolidated balance sheet as of December 31, 2024.

Capital commitment

As of December 31, 2024, the Company has entered into several contracts for the purchase of paper machine of a new tissue paper production line PM10 and the improvement of Industrial Buildings. Total outstanding commitments under these contracts were $3,436,091 and $3,499,936 as of December 31, 2024 and 2023, respectively. The Company expected to pay off all the balances within 1-3 years.

Guarantees and Indemnities

The Company agreed with Baoding Huanrun Trading Co., a major supplier of raw materials, to guarantee certain obligations of this third party, and as of December 31, 2024, and 2023, the Company guaranteed its long-term loan from financial institutions amounting to $4,312,503 (RMB31,000,000) and $4,376,862 (RMB31,000,000), respectively, that matured at various times in 2028. If Huanrun Trading Co., were to become insolvent, the Company could be materially adversely affected.

Pending legal proceeding of Jie Ping

In November 2023, an individual plaintiff involved in a civil loan dispute filed a lawsuit against the defendants including Tengsheng Paper and Jie Ping, who served as the executive director and the legal representative of Tengsheng Paper, at the Lianchi District People's Court of Baoding City, China. On December 1, 2023, the plaintiff sought property preservation measures, requesting the PRC Court to freeze RMB3.35 million worth of bank deposits held by Jie Ping and Tengsheng Paper. Following this request, on the same day, the PRC Court issued a ruling to immediately freeze the RMB3.35 million worth of bank deposits of Jie Ping and Tengsheng Paper. On June 14, 2024, the PRC Court ordered the defendants to repay the principal of the loan in the amount of RMB3,320,000 to the plaintiff, and Tengsheng Paper was jointly liable for repayment. Accrued litigation costs of $461,855 was recorded as current liabilities of consolidated balance sheet as of December 31, 2024.

(18) SEGMENT REPORTING

Since March 10, 2010, Baoding Shengde started its operations and thereafter the Company manages its operations through three business operating segments: Dongfang Paper and Tengsheng Paper, which produces offset printing paper, corrugating medium paper and tissue paper, and Baoding Shengde, which produces face masks and digital photo paper. They are managed separately because each business requires different technology and marketing strategies.

The Company evaluates performance of its operating segments based on net income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated among the operating segments based on gross revenue generated. The operating segments do share facilities in Xushui County, Baoding City, Hebei Province, China. All sales were sold to customers located in the PRC.

Summarized financial information for the three reportable segments is as follows:

	Year Ended December 31, 2024					
	Dongfang Paper	Tengsheng Paper	Baoding Shengde	Not Attributable to Segments	Elimination of Inter-segment	Enterprise-wide, consolidated
Revenues	$75,702,427	135,516	—	—	—	75,837,943
Gross profit	6,556,487	135,253	—	—	—	6,691,740
Depreciation and amortization	3,842,408	8,814,279	1,564,395	—	—	14,221,082
Loss on impairment of assets	—	—	102,490	—	—	102,490
Interest income	12,316	1,845	598	34	—	14,793
Interest expense	356,788	94,334	296,891	14,364	—	762,377
Income tax expense	842,401	—	—	36,793	—	879,194
Net Income (loss)	2,161,939	(10,051,366)	(440,633)	(1,513,034)	—	(9,843,094)

	Year Ended December 31, 2023					
	Dongfang Paper	Tengsheng Paper	Baoding Shengde	Not Attributable to Segments	Elimination of Inter-segment	Enterprise-wide, consolidated
Revenues	$85,106,864	1,334,022	106,064	—	—	86,546,950
Gross profit	4,006,381	(2,995,369)	(11,127)	—	—	999,885
Depreciation and amortization	4,168,755	8,470,810	1,586,425	—	—	14,225,990
Loss on impairment of assets	905,226	219,744	375,328	—	—	1,500,298
Interest income	300,928	2,376	9,790	2,002	—	315,096
Interest expense	503,740	181,447	291,675	7,656	—	984,518
Income tax expense(benefit)	346,954	—	—	—	—	346,954
Net Income (loss)	(109,770)	(9,004,792)	(726,065)	(105,408)	—	(9,946,035)

	As of December 31, 2024					
	Dongfang Paper	Tengsheng Paper	Baoding Shengde	Not Attributable to Segments	Elimination of Inter-segment	Enterprise-wide, consolidated
Total assets	$54,180,471	116,390,854	6,020,713	954,748	—	177,546,786

	As of December 31, 2023					
	Dongfang Paper	Tengsheng Paper	Baoding Shengde	Not Attributable to Segments	Elimination of Inter-segment	Enterprise-wide, consolidated
Total assets	$57,139,592	127,734,031	8,184,902	1,685,124	—	194,743,649

(19) CONCENTRATION AND MAJOR CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2024, and 2023, the Company had no single customer contributed over 10% of total sales.

For the year ended December 31, 2024, the Company had three major suppliers that accounted for 73%, 17% and 7% of total purchases by the Company.

For the year ended December 31, 2023, the Company had two major suppliers that accounted for 72% and 17% of total purchases by the Company.

(20) CONCENTRATION OF CREDIT RISK

Financial instruments for which the Company is potentially subject to concentration of credit risk consist principally of cash. The Company places its cash in reputable financial institutions in the PRC and the United States. Although it is generally understood that the PRC central government stands behind all of the banks in China in the event of bank failure, there is no deposit insurance system in China that is similar to the protection provided by the Federal Deposit Insurance Corporation ("FDIC") of the United States as of December 31, 2024 and 2023. On May 1, 2015, the new "Deposit Insurance Regulations" was effective in the PRC that the maximum protection would be up to RMB500,000 (US$69,557) per depositor per insured financial intuition, including both principal and interest. For the cash placed in financial institutions in the United States, the Company's U.S. bank accounts are all fully covered by the FDIC insurance as of December 31, 2024, and 2023, while for the cash placed in financial institutions in the PRC, the balances exceeding the maximum coverage of RMB500,000 amounted to RMB47,952,082 (US$6,670,759) as of December 31, 2024.

(21) RISKS AND UNCERTAINTIES

IT Tech Packaging is subject to substantial risks from, among other things, intense competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, foreign currency exchange rates, and operating in the PRC under its various laws and restrictions.

(22) SUBSEQUENT EVENT

None.

(23) SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter			
2024	First	Second	Third	Fourth
Revenues	$ 6,863,841	$26,249,788	$25,081,500	$ 17,642,814
Gross profit	399,113	3,265,300	1,917,381	1,109,946
(Loss) income from operations	(3,501,670)	547,752	(1,464,121)	(3,792,680)
Net loss	(3,746,536)	(77,747)	(1,973,946)	(4,044,865)
Net loss per share				
Basic	$ (0.37)	$ (0.01)	$ (0.20)	$ (0.40)
Diluted	$ (0.37)	$ (0.01)	$ (0.20)	$ (0.40)

	Quarter			
2023	First	Second	Third	Fourth
Revenues	$19,790,877	$30,019,914	$15,771,560	$ 20,964,599
Gross (loss) profit	(276,999)	1,179,858	(153,223)	250,249
Loss from operations	(2,772,361)	(518,683)	(2,484,513)	(3,800,331)
Net loss	(2,733,165)	(1,253,493)	(1,975,368)	(3,984,009)
Net income per share				
Basic	$ (0.27)	$ (0.125)	$ (0.20)	$ (0.40)
Diluted	$ (0.27)	$ (0.125)	$ (0.20)	$ (0.40)

(24) CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

The condensed financial statements of IT Tech Packaging Inc. ("ITP", the "parent company") have been prepared in accordance with accounting principles generally accepted in the United States of America. Under the PRC laws and regulations, the Company's PRC subsidiaries are restricted in their ability to transfer certain of their net assets to the parent company in the form of dividend payments, loans or advances. The amounts restricted include paid-in capital, capital surplus and statutory reserves, as determined pursuant to PRC generally accepted accounting principles, totaling $82,691,643 and $82,641,643 as of December 31, 2024, and 2023.

The following represents condensed unconsolidated financial information of the parent company only:

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,694	$ 678,347
Prepayments and other current assets	—	—
Total current assets	1,694	678,347
Investment in subsidiaries	160,751,140	172,382,428
Total Assets	$160,752,834	$173,060,775
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Inter-company payable	$ 4,726,897	$ 4,026,904
Due to related parties	—	727,433
Income tax payable	—	—
Total current liabilities	4,726,897	4,754,337
Derivative liability	5,651	54
Total liabilities	$ 4,732,548	$ 4,754,391
Total stockholders' equity	156,020,286	168,306,384
Total Liabilities and Stockholders' Equity	$160,752,834	$173,060,775

IT TECH PACKAGING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,	
	2024	2023
Revenue	—	—
Selling, general and administrative expenses	$ 562,421	$ 708,638
Loss from Operations	(562,421)	(708,638)
Equity in earnings of unconsolidated subsidiaries	(9,238,283)	(9,883,626)
Loss on derivative liability	(5,597)	646,229
Other Income (Expense)	—	—
Income before Income Taxes	(9,806,301)	(9,946,035)
Provision for Income Taxes	(36,793)	—
Net Income	$ (9,843,094)	$ (9,946,035)
Other comprehensive income/(loss)	(2,443,452)	(3,040,994)
Total Comprehensive Income (loss)	$(12,286,546)	$(12,987,029)

	Year Ended December 31,	
	2024	2023
Net Cash Used in Operating Activities	$ (591,173)	$ (708,641)
Net Cash Used in Investing Activities	(50,000)	(500,000)
Net Cash Provided by Financing Activities	(35,480)	(43,253)
Net Increase (Decrease) in Cash and Cash Equivalents	(676,653)	(1,251,894)
Cash and Cash Equivalents - Beginning of Year	678,347	1,930,241
Cash and Cash Equivalents - End of Year	$ 1,694	$ 678,347

The condensed financial information has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company has used equity method to account for its investments in the subsidiaries.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On February 29, 2024, WWC, P.C. Certified Public Accountants ("WWC") resigned as our independent registered public accounting firm, effective immediately.

WWC's reports on our consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the two most recent fiscal years ended December 31, 2022 and 2021, and the subsequent interim period through February 29, 2024, there were no disagreements with WWC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of WWC, would have caused WWC to make reference to the subject matter of the disagreements in connection with its reports on our consolidated financial statements for such years. Also during this time, there were no "reportable events," as defined in Item 304(a)(1)(v) of Regulation S-K.

We provided WWC with a copy of the above disclosures and requested that WWC furnish the Company with a letter addressed to the SEC stating whether or not it agrees with the statements made above. A copy of WWC's letter dated February 29, 2024 was attached as Exhibit 16.1 to a Current Report on Form 8-K that was filed by us with the SEC on March 4, 2024.

On March 1, 2024, we engaged GGF CPA LIMITED ("GGF") as our independent registered public accounting firm for the fiscal year ending December 31, 2023, effective immediately. During the fiscal years ended December 31, 2022 and 2021 and through March 1, 2024, neither we nor anyone on its behalf consulted with GGF regarding (i) the application of accounting principles to any specified transaction, either completed or proposed or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that GGF concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any matter that was either the subject of a "disagreement," as defined in Item 304(a)(1)(iv) of Regulation S-K, or a "reportable event," as defined in Item 304(a)(1)(v) of Regulation S-K.

ITEM 9A. CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation with the participation of the Company's management, including Zhenyong Liu, the Company's Chief Executive Officer ("CEO"), and Jing Hao, the Company's Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of December 31, 2023. Based upon that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the framework set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that, as of December 31, 2024, the Company's internal control over financial reporting was effective.

This annual report does not include an attestation report of its registered independent public accounting firm regarding the Company's internal control over financial reporting because the Company is not required to include such attestation report in this annual report.

Changes in internal controls

Our management, with the participation of our CEO and CFO, performed an evaluation as to whether any change in our internal controls over financial reporting occurred during the quarter ended December 31, 2024. Based on that evaluation, our CEO and CFO concluded that no change occurred in the Company's internal controls over financial reporting during the quarter ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below is certain information regarding our directors and executive officers. Our Board of Directors is comprised of five directors, and is divided into two classes, Class I and Class II. There are no family relationships between any of our directors or executive officers.

The following table sets forth certain information with respect to our directors and executive officers:

Name	Age	Position/Title
Zhenyong Liu	62	Chief Executive Officer and Chairman of the Board
Jing Hao	42	Chief Financial Officer
Dahong Zhou	46	Secretary
Marco Ku Hon Wai	51	Director
Wenbing Christopher Wang	54	Director
Fuzeng Liu	76	Director
Lusha Niu	46	Director

We have two classes of directors with each class elected in a different calendar year from the calendar year in which the other class of directors are elected. All directors are elected for a two-year term. The directors elected in Class I, Marco Ku Hon Wai and Wenbing Christopher Wang, will serve until the annual meeting of stockholders in 2025 and until their respective successors have been elected and have qualified, or until their earlier resignation, removal or death. The directors elected in Class II, Zhenyong Liu, Fuzeng Liu and Lusha Niu will serve until the annual meeting of stockholders in 2026 and until their respective successors have been elected and have qualified, or until their earlier resignation, removal or death. Our officers serve at the discretion of our Board of Directors.

Set forth below is biographical information about our current directors and executive officers:

Zhenyong Liu. Mr. Zhenyong Liu became a member of the Board of Directors, and was appointed as Chairman of the Board of Directors on November 30, 2007. Mr. Liu has also served as the Company's Chief Executive Officer since November 16, 2007, and serves as Chairman of Hebei Baoding Dongfang Paper Milling Company Limited (Dongfang Paper), a position he has held since 1996. From 1990 to 1996, he served as Plant Director of Xinxin Paper Milling Factory in Xushui District. Mr. Liu served as General Manager of the East Central Household Appliance Purchases and Supply Station from 1980 to 1989.

Jing Hao. Ms. Jing Hao was appointed as our Chief Financial Officer on November 3, 2014. Ms. Hao previously served as the Company's Chief Financial Officer between November 2007 and April 2009. In addition, Ms. Hao has served as Chief Financial Officer of Hebei Baoding Dongfang Paper Milling Company Limited (Dongfang Paper) since 2006. Prior to that, she was Manager of Finance for Dongfang Paper from 2005 to 2006.

Dahong Zhou. Ms. Dahong Zhou was appointed as our Secretary on November 16, 2007. Ms. Zhou also serves as Executive Manager of Hebei Baoding Dongfang Paper Milling Company Limited (Dongfang Paper), a position she has held since 2006.

Marco Ku Hon Wai. Mr. Marco Ku Hon Wai has served on the Board of Directors since November 3, 2014. Mr. Ku is the founder of Sensible Investment Company Limited, an investment consulting firm based in Hong Kong founded in 2013. He was previously Chief Financial Officer of China Marine Food Group Limited (OTC: CMFO) from July 2007 to October 2013. Prior to his position at China Marine Food Group Limited, Mr. Ku co-founded KISS Catering Group, a food and beverage business in Beijing from October 2005 to April 2007. Mr. Ku worked at KPMG LLP from 1996 to 2000, where his last held position was Assistant Manager. Mr. Ku received a bachelor's degree in finance from the Hong Kong University of Science and Technology in 1996, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants.

Wenbing Christopher Wang. Mr. Wenbing Christopher Wang has served on the Board of Directors since October 28, 2009. Mr. Wang has also been serving as chief financial officer of Phoenix Motor Inc. (Nasdaq:PEV) since June 2021. Mr. Wang has also been serving as President and Director of FushiCopperweld, Inc. ("Fushi") since January 21, 2008. Mr. Wang served as Fushi's Chief Financial Officer from December 13, 2005 to August 31, 2009. Prior to Fushi, Mr. Wang worked for Redwood Capital, Inc., China Century Investment Corporation, Credit Suisse First

Boston and VC China in various capacities. Fluent in both English and Chinese, Mr. Wang holds a master's degree in business administration and finance and corporate accounting from Simon Business School of University of Rochester. Mr. Wang was named one of the top ten CFO's of 2007 in China by CFO magazine.

Fuzeng Liu. Mr. Fuzeng Liu has been a member of the Board of Directors since November 30, 2007. Mr. Liu has also served as Vice President of Dongfang Paper since 2002. Previously, he served as Deputy Secretary of the Traffic Bureau of Xushui District from 1992 to 2002 and as Party Secretary of Dayin Town, Xushui District from 1988 to 1992. Mr. Liu also served as Head of the Cuizhuang Town, Xushui District from 1984 to 1988. From 1977 to 1984, Mr. Liu worked at the committee office of Xushui District.

Lusha Niu. Ms. Niu has been a member of the Board of Directors since October 12, 2016. Ms. Niu is a public relations veteran with strong background in international business and finance. Since September 2013, Ms. Niu has been the Director of Corporate Communications and Public Affairs, Asia Lead of Financial Communication at MSL GROUP, a global public communications firm. From August 2008 until August 2013, Ms. Niu was an Associate Director at APCO Worldwide, a Washington D.C. based global public affairs consulting firm. Ms. Niu also served as a Consulting Analyst with BDA Consulting, advising global institutional investors on their China deal strategy. Ms. Niu holds a Master's degree in Finance from the University of Colorado.

The Board of Directors believes that each of the Company's directors is highly qualified to serve as a member of the Board. Each of the directors has contributed to the mix of skills, core competencies and qualifications of the Board of Directors. When evaluating candidates for election to the Board, the Nominating Committee seeks candidates with certain qualities that it believes are important, including integrity, an objective perspective, good judgment, and leadership skills. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions. Some of our directors have served in our operating entity, Dongfang Paper, for many years and benefit from an intimate knowledge of our operations and corporate philosophy.

Committees

Our business, property and affairs are managed by or under the direction of the Board of Directors. Members of the Board of Directors are kept informed of our business through discussion with the chief executive and financial officers and other officers, by reviewing materials provided to them and by participating at meetings of the board and its committees.

Our Board of Directors has three committees - the Audit Committee, the Compensation Committee and the Nominating Committee. The Audit Committee is comprised of Marco Ku Hon Wai, Wenbing Christopher Wang and Lusha Niu, with Mr. Ku serving as chairman. The Compensation Committee is comprised of Marco Ku Hon Wai, Wenbing Christopher Wang and Lusha Niu, with Ms. Lusha Niu serving as chairwoman. The Nominating Committee is comprised of Marco Ku Hon Wai, Wenbing Christopher Wang and Lusha Niu, with Mr. Wenbing Christopher Wang serving as chairman.

Our Audit Committee is involved in discussions with our independent auditor with respect to the scope and results of our year-end audit, our quarterly results of operations, our internal accounting controls and the professional services furnished by the independent auditor. Our Board of Directors has determined that both Mr. Marco Ku Hon Wai and Mr. Wenbing Christopher Wang qualify as audit committee financial experts and have the accounting or financial management expertise as required under NYSE Rule 303A.07(a). Our Board of Directors has also adopted a written charter for the audit committee which the audit committee reviews and reassesses for adequacy on an annual basis. A copy of the audit committee's current charter is available at the our corporate website at *https://www.itpackaging.cn/uploadfile/txyxfh/file/20181029/636764091234572213937572 5.pdf*

The Compensation Committee oversees the compensation of our chief executive officer and our other executive officers and reviews our overall compensation policies for employees generally. If so authorized by the Board of Directors, the committee may also serve as the granting and administrative committee under any option or other equity-based compensation plans which we may adopt. The Compensation Committee does not delegate its authority to fix compensation; however, as to officers who report to the chief executive officer, the compensation committee consults with the chief executive officer, who may make recommendations to the compensation committee. Any recommendations by the chief executive officer are accompanied by an analysis of the basis for the recommendations.

The committee will also discuss compensation policies for employees who are not officers with the chief executive officer and other responsible officers. A copy of the compensation committee's current charter is available at our corporate website at *https://www.itpackaging.cn/uploadfile/txyxfh/file/20181029/636764091235588004887495 8.pdf*

The Nominating Committee is involved in evaluating the desirability of and recommending to the board any changes in the size and composition of the board, evaluation of and successor planning for the chief executive officer and other executive officers. The qualifications of any candidate for director will be subject to the same extensive general and specific criteria applicable to director candidates generally. A copy of the nominating committee's current charter is available at our corporate website at *https://www.itpackaging.cn/uploadfile/txyxfh/file/20181029/636764091235666196887495 8.pdf*

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. The Code of Ethics is currently available at our corporate website at *https://www.itpackaging.cn/uploadfile/txyxfh/file/20181029/636764091236368852661752 8.pdf*

Insider Trading Policy

We have adopted the IT Tech Packaging, Inc. Insider Trading Policy (the "Insider Trading Policy"), which applies to all directors, officers, employees, independent contractors, and consultants of the Company and its subsidiaries, as well as certain other persons. The Insider Trading Policy is designed to promote compliance with U.S. federal and state securities laws, rules and regulations and the applicable rules and regulations of NYSE American, with respect to the purchase, sale and/or disposition of the Company's securities. The Insider Trading Policy addresses the implementation of certain trading blackout periods in the Company's securities for Company insiders. A copy of the Insider Trading Policy is filed as Exhibit 19 to this 2024 Form 10-K.

Board Meetings

The Board of Directors and its committees held the following number of meetings during 2024:

Board of Directors	6
Audit Committee	6
Compensation Committee	1
Nominating Committee	1

The above table includes meetings held by means of a conference telephone call and actions taken by unanimous written consent.

Each director attended at least 75% of the total number of meetings of the Board of Directors and those committees on which he served during the year.

For the fiscal year ended December 31, 2024, the Board of Directors met on at least a quarterly basis. The independent directors had regularly scheduled meetings as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management as required by Section 802(c) of the NYSE American Company Guide.

Directors or Executive Officers involved in Bankruptcy or Criminal Proceedings

To our knowledge, during the last ten years, none of our directors and executive officers (including those of our subsidiaries) has:

- had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- been convicted in a criminal proceeding or been subject to a pending criminal proceeding, excluding traffic violations and other minor offenses;
- been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

- been found by a court of competent jurisdiction (in a civil action), the SEC, or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated; or
- been the subject to, or a party to, any sanction or order, not subsequently reverse, suspended or vacated, of any self-regulatory organization, any registered entity, or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Leadership Structure and Role in Risk Oversight

Mr. Zhenyong Liu is our chairman and chief executive officer. At the advice of other members of the management or the Board, Mr. Liu calls meetings of the Board of Directors when necessary. We have three independent directors. Our Board of Directors has three standing committees, each of which is comprised solely of independent directors with a committee chair. The Board of Directors believes that the Company's chief executive officer is best situated to serve as chairman of the Board of Directors because he is the director most familiar with our business and industry and the director most capable of identifying strategic priorities and executing our business strategy. We believe that this leadership structure has served the Company well. Our Board of Directors has overall responsibility for risk oversight. The Board of Directors has delegated responsibility for the oversight of specific risks to the committees as follows:

- The Audit Committee oversees the Company's risk policies and processes relating to the financial statements and financial reporting processes, as well as key credit risks, liquidity risks, market risks and compliance, and the guidelines, policies and processes for monitoring and mitigating those risks.
- The Compensation Committee oversees the compensation of our chief executive officer and our other executive officers and reviews our overall compensation policies for employees.
- The Nominating Committee oversees risks related to the Company's governance structure and processes.

Our Board of Directors is responsible for approving all related party transactions according to our Code of Ethics. We have not adopted written policies and procedures specifically for related person transactions.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Exchange Act, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Form 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish our company with copies of all Section 16(a) reports they file.

Based solely on our review of the copies of such reports received by us, and on written representations by our officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that, with respect to the fiscal year ended December 31, 2024, all such reports were filed timely.

ITEM 11. EXECUTIVE COMPENSATION

The following compensation table summarizes the cash and non-cash compensation earned during the years ended December 31, 2024 and 2023 by each person who served as principal executive officer, principal financial officer, and secretary during 2024.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Total ($)
Zhenyong Liu,							
Chairman, CEO.	2024	$35,515	0	$ —	—	—	$35,515
	2023	$34,016	—	$ —	—	—	$34,016
Jing Hao,							
CFO	2024	$36,042	—	$ —	—	—	$36,042
	2023	$34,016	—	$ —	—	—	$34,016
Dahong Zhou,							
Secretary	2024	$ 8,757	—	$ —	—	—	$ 8,757
	2023	$ 4,117	—	$ —	—	—	$ 4,117

Employment Agreements

Mr. Zhenyong Liu receives a monthly salary of RMB 20,000 (approximately $2,810). On January 11, 2012, the Company awarded Mr. Zhenyong Liu 4,433 shares of restricted common stock. These shares of common stock were issued under the 2011 ISP and are valued at $34.5 per share, based on the closing price on the date of the issuance. On December 31, 2013, the Company awarded Mr. Zhenyong Liu 800 shares of restricted common stock under the 2011 ISP and 2012 ISP, with a value of $26.6 per share, based on the closing price on the date of the stock issuance. On September 13, 2018, the Company issued 10,000 shares of common stock to Mr. Zhenyong Liu under the 2015 Omnibus Equity Incentive Plan with a value of $8.8 per share as of the date of issuance. On April 8, 2020, the Company issued 20,000 shares of common stock to Mr. Zhenyong Liu under the 2019 ISP with a value of $6.0 per share as of the date of issuance. On September 8, 2020, the Compensation Committee of the Company unanimously approved that Mr. Zhenyong Liu shall receive the bonus of $40,000 for his service rendered in the year 2020.

Ms. Hao began receiving a monthly salary of RMB 20,000 (approximately $2,810) in January 2015. On September 13, 2018, the company issued 1,000 shares of common stock to Ms. Jing Hao under the 2015 Omnibus Equity Incentive Plan with a value of $8.8 per share as of the date of issuance. On September 8,2020, the Compensation Committee of the Company unanimously approved that Ms. Jing Hao shall receive the bonus of $40,000 for her service rendered in the year 2020.

We do not have change-in-control agreements with any of our directors or executive officers, and we are not obligated to pay severance or other enhanced benefits to executive officers upon termination of their employment.

Compensation of Directors

The following table sets forth a summary of compensation paid or entitled to our directors during the fiscal years ended December 31, 2024 and 2023:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Total ($)
Fuzeng Liu							
Director	2024	$15,784	—	$ —	—	—	$15,784
	2023	$ 7,375	—	$ —	—	—	$ 7,375
Marco Ku Hon Wai							
Director	2024	$20,000	—	$ —	—	—	$20,000
	2023	$20,000	—	$ —	—	—	$20,000
Wenbing Christopher Wang							
Director	2024	$20,000	—	$ —	—	—	$20,000
	2023	$20,000	—	$ —	—	—	$20,000
LushaNiu							
Director	2024	$ 7,025	—	$ —	—	—	$ 7,025
	2023	$ 7,086	—	$ —	—	—	$ 7,086

Effective November 1, 2014, Mr. Marco Ku Hon Wai began serving as our director and has received annual compensation of $20,000, payable on a monthly basis. In addition, the Company agreed to issue Mr. Ku 750 shares of its common stock. On January 12, 2016, the Company issued Mr. Ku 750 shares restricted common stock under the 2015 ISP for his services in 2015, with a value of $13.3 per share, based on the closing price on the date of the issuance. Mr. Ku will be reimbursed for his out-of-pocket expenses incurred in connection with his service to the Company.

Effective October 28, 2009, Mr. Wenbing Christopher Wang has served as our director and has received annual compensation of $20,000, payable on a monthly basis. Mr. Wang also received 400 shares of common stock, a number equal to $20,000 divided by the closing price of the common stock on October 28, 2009, with piggyback registration rights subordinate to that held by investors in any past or future private placement of securities. On January 11, 2012, the Company awarded its independent director Mr. Wenbing Christopher Wang 1,582 shares of restricted common stock. These shares of common stock were issued under the 2011 ISP and are valued at $34.5 per share, based on the closing price on the date of the issuance. On December 31, 2013, the Company awarded Mr. Wang 500 shares restricted common stock under the 2011 ISP and 2012 ISP for, with a value of $26.6 per share, based on the closing price on the date of the stock issuance. On January 12, 2016, the Company issued Mr. Wang 500 shares restricted common stock under the 2015 ISP, with a value of $13.3 per share, based on the closing price on the date of the issuance.

On October 12, 2016, Ms. Lusha Niu was elected as our director and receives annual compensation of RMB50,000, payable on a monthly basis.

On December 31, 2013, Mr. Fuzeng Liu received 500 shares of restricted common stock from our 2011 and 2012 ISPs. The value of the stock award is determined by the closing price of the Company's common stock on the date of the award, which was $26.6 as of December 31, 2013.

Other than the appointments described above, there are no understandings or arrangements between Mr. Ku, Mr. Wang, or Ms. Niu and any other person pursuant to which Mr. Ku, Mr. Wang, or Ms. Niu was appointed as a director. Mr. Ku, Mr. Wang, and Ms. Niu do not have any family relationship with any director, executive officer or person nominated or chosen by us to become a director or executive officer.

Outstanding Equity Awards at Fiscal Year-End

There were none outstanding equity incentive awards held by the named executive officers as of the fiscal year ended December 31, 2024.

Potential payments upon termination or change-in-control

As discussed above, we do not have change-in-control agreements with any of our directors or executive officers, and we are not obligated to pay severance or other enhanced benefits to executive officers upon termination of their employment.

Recovery of Erroneously Awarded Compensation

None.

Policies and Practices for Granting Certain Equity Awards

Our policies and practices regarding the granting of equity awards are carefully designed to ensure compliance with applicable securities laws and to maintain the integrity of our executive compensation program. The Compensation Committee is responsible for the timing and terms of equity awards to executives and other eligible employees.

The timing of equity award grants is determined with consideration to a variety of factors, including but not limited to, the achievement of pre-established performance targets, market conditions and internal milestones. The Company does not follow a predetermined schedule for the granting of equity awards; instead, each grant is considered on a case-by-case basis to align with the Company's strategic objectives and to ensure the competitiveness of our compensation packages.

In determining the timing and terms of an equity award, the Board or the Compensation Committee may consider material nonpublic information to ensure that such grants are made in compliance with applicable laws and regulations. The Board's or the Compensation Committee's procedures to prevent the improper use of material nonpublic information in connection with the granting of equity awards include oversight by legal counsel and, where appropriate, delaying the grant of equity awards until the public disclosure of such material nonpublic information.

The Company is committed to maintaining transparency in its executive compensation practices and to making equity awards in a manner that is not influenced by the timing of the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation. The Company regularly reviews its policies and practices related to equity awards to ensure they meet the evolving standards of corporate governance and continue to serve the best interests of the Company and its shareholders.

Pension and Retirement Plans

Currently, except for contributions to the PRC government-mandated social security retirement endowment fund for those employees who have not waived their coverage, we do not offer any annuity, pension or retirement benefits to be paid to any of our officers, directors or employees. There are also no compensatory plans or arrangements with respect to any individual named above which results or will result from the resignation, retirement or any other termination of employment with our company, or from a change in our control.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock by (i) each director, (ii) our Chief Executive Officer and President and (iii) all executive officers and directors as a group as of the date of this annual report.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percentage of Common Stock
Zhenyong Liu, CEO and Director	536,484	5.3%
Jing Hao, CFO	1,000	*
Dahong Zhou, Secretary	0	0
Marco Ku Hon Wai, Director	750	*
Fuzeng Liu, Director	500	*
Wenbing Christopher Wang, Director	2,982	*
LushaNiu, Director	0	*
All Directors and Executive Officers as a Group (7 persons)	541,716	5.4%

* Less than 1% of the Company's issued and outstanding common shares.

(1) The address of each director and executive officer is c/o Science Park, Juli Road, Xushui District, Baoding City, Hebei Province, People's Republic of China.

Securities Authorized for Issuance under Equity Compensation Plans

2021 Incentive Stock Plan

On November 12, 2021, the Company's Annual General Meeting adopted and approved the 2021 Omnibus Equity Incentive Plan of IT Tech Packaging, Inc.(the"2021 Plan"). Under the 2021 ISP, the Company has reserved a total of 150,000 shares of common stock for issuance as or under awards to be made to the directors, officers, employees and/or consultants of the Company and its subsidiaries.

All shares of common stock under the 2021 ISP, including shares originally authorized by equity holders and shares remaining for future issuance as of December 31, 2022, have been issued.

2023 Incentive Stock Plan

On October 31, 2023, the Company's Annual General Meeting adopted and approved the 2023 Omnibus Equity Incentive Plan of IT Tech Packaging, Inc.(the"2023 Plan"). Under the 2023 ISP, the Company has reserved a total of 1,500,000 shares of common stock for issuance as or under awards to be made to the directors, officers, employees and/or consultants of the Company and its subsidiaries.

All shares of common stock under the 2023 ISP, including shares originally authorized by equity holders and shares remaining for future issuance as of December 31, 2024, have been reserved.

As of December 31, 2024, our 2023 Equity Incentive Plan was in effect.

The following table provides information as of December 31, 2024 about our equity compensation plan and arrangements:

Plan category	Number of securities to be issued upon exercise of outstanding options and restricted stock units	Weighted-average exercise price of outstanding options, and restricted stock units	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	—	$ —	1,500,000
Equity compensation plans not approved by security holders	—	—	—
Total		**$**	1,500,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The following includes a summary of transactions since the beginning of fiscal 2023 or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of $120,000 and 1% of the average of our total assets at December 31, 2023 and 2024 and in which any related person had or will have a direct or indirect material interest (other than compensation described under "Executive Compensation"):

Loans from our principal shareholder, Chairman and CEO Mr. Zhenyong Liu

Mr. Zhenyong Liu, the Company's CEO has loaned money to Dongfang Paper for working capital purposes over a period of time. On January 1, 2013, Dongfang Paper and Mr. Zhenyong Liu renewed the three-year term loan previously entered on January 1, 2010, and extended the maturity date further to December 31, 2015. On December 31, 2015, the Company paid off the loan of $2,249,279, together with interest of $391,374 for the period from 2013 to 2015. As of December 31, 2024, and 2023, approximately $356,594 and $361,915 of interest were outstanding to Mr. Zhenyong Liu, respectively, and these amounts were recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet for both years.

On December 10, 2014, Mr. Zhenyong Liu provided a loan to the Company, amounted to $8,742,278 to Dongfang Paper for working capital purpose with an interest rate of 4.35% per annum, which was based on the primary lending rate of People's Bank of China. The unsecured loan was provided on December 10, 2014, and would be originally due on December 10, 2017. During the year of 2016, the Company repaid $6,012,416 to Mr. Zhenyong Liu, together with interest of $288,596. In February 2018, the company paid off the remaining balance, together with interest of $20,400. As of December 31, 2024, and 2023, approximately $41,734 and $42,357 of interest were outstanding to Mr. Zhenyong Liu, respectively, and these amounts were recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet for both years.

On March 1, 2015, the Company entered an agreement with Mr. Zhenyong Liu which allows Dongfang Paper to borrow from the CEO an amount up to $17,201,342 (RMB120,000,000) for working capital purposes. The advances or funding under the agreement are due three years from the date each amount is funded. The loan is unsecured and carries an annual interest rate set on the basis of the primary lending rate of the People's Bank of China at the time of the borrowing. On July 13, 2015, an unsecured amount of $4,324,636 was drawn from the facility. On October 14, 2016 an unsecured amount of $2,883,091 was drawn from the facility. In February 2018, the company repaid $1,507,432 to Mr. Zhenyong Liu. The loan would be originally due on July 12, 2018. Mr. Zhenyong Liu agreed to extend the loan for additional 3 years and the remaining balance will be due on July 12, 2021. On November 23, 2018, the company repaid $3,768,579 to Mr. Zhenyong Liu, together with interest of $158,651. In December 2019, the company paid off the remaining balance, together with interest of $94,636. As of December 31, 2024, and 2023, the accrued interest was $191,193 and $194,047, respectively, which was recorded in other payables and accrued liabilities as part of the current liabilities in the consolidated balance sheet for both years.

As of December 31, 2024 and 2023, total amount of loans due to Mr. Zhenyong Liu were $nil. The interest expense incurred for such related party loans are $nil for the years ended December 31, 2024, and 2023, respectively. As of December 31, 2024, and 2023, the accrued interest owed to the CEO was approximately $589,521 and $598,319, respectively, and was recorded in other payables and accrued liabilities for both years.

On December 8, 2021, the Company entered into an agreement with Mr. Zhenyong Liu, which allowed Mr. Zhenyong Liu to borrow from the Company an amount of $6,507,431 (RMB44,089,085). The loan was unsecured and carried a fixed interest rate of 3% per annum. The loan was repaid by Mr. Zhenyong Liu in February 2022.

In October 2022 and November 2022, the Company entered into two agreements with Mr. Zhenyong Liu, which allowed Mr. Zhenyong Liu to borrow from the Company an amount of $7,059,455 (RMB50,000,000) in total. The loans were unsecured and carried a fixed interest rate of 4.35% per annum. $4,235,673 (RMB30,000,000) was repaid by Mr. Zhengyong Liu in August 2023 and the remaining balance was repaid in December 2023. Interest income of the loan for the year ended December 31, 2024 and 2023 were $nil and $290,275, repectively.

As of December 31, 2024 and 2023, amount due to shareholder are $nil and $727,433, respectively, which represents funds from shareholders to pay for various expenses incurred in the U.S. The amount is due on demand with interest free.

Procedures for Approval of Related Party Transactions

Our Board of Directors is charged with reviewing and approving all potential related party transaction to the extent we enter into such transactions. We have not adopted other procedures for review, or standards for approval, of such transactions, but instead review them on a case-by-case basis.

Director Independence

The Company currently has three independent directors, Marco Ku Hon Wai, Wenbing Christopher Wang, and Lusha Niu, as that term is defined under the NYSE American Company Guide.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent public accounting firm is GGF CPA LTD. , Level 3, Shop 119 No. 20, Jingang Avenue, Nansha District, Guangzhou, Guangdong , PCAOB Auditor ID 2729 .

Audit Fees

We incurred approximately $220,000 for professional services rendered by our registered independent public accounting firm, GGF for the audit and reviews of the Company's financial statements for 2024.

We incurred approximately $166,000 for professional services rendered by our registered independent public accounting firm, GGF for the audit of the Company's financial statements for 2023.

We incurred approximately $207,000 for professional services rendered by our registered independent public accounting firm, WWC, P.C., for the audit and reviews of the Company's financial statements for 2023.

Audit-Related Fees

IT Tech Packaging did not incur any audit-related fees to GGF in 2024 and 2023.

IT Tech Packaging did not incur any audit-related fees to WWC in 2023.

Tax Reporting Preparation Fees

IT Tech Packaging did not incur any tax reporting preparation fees to GGF in 2024 and 2023.

IT Tech Packaging did not incur any tax reporting preparation fees to WWC in 2023.

All Other Fees

IT Tech Packaging did not incur any fees from its registered independent public accounting firm for services rendered to IT Tech Packaging, other than the services covered in "Audit Fees" and "Audit-Related Fees" for the fiscal years ended December 31, 2024 and 2023.

With respect to the Company's auditing and other non-audit related services rendered by its registered independent public accounting firm for 2024 and 2023, all engagements were entered into pursuant to the audit committee's pre-approval policies and procedures.

Pre–Approval Policy of Services Performed by Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre–approve all audit and non–audit related services, tax services and other services. Preapproval is generally provided for up to one year, and any pre–approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated the pre–approval authority to its chairperson when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre–approval and the fees for the services performed to date.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

Exhibit No.	Description of Exhibit
2.1	Agreement and Plan of Merger, dated October 29, 2007, by and among Carlateral, Inc., CARZ Merger Sub, Inc., Dongfang Zhiye Holding Limited, and the shareholders of Dongfang Zhiye Holding Limited, incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2007.
3.1	Articles of Incorporation, incorporated by reference to the exhibit to our report on form SB-2 filed with the SEC on August 4, 2006.
3.2	Certificate of Amendment to Articles of Incorporation, incorporated by reference to the exhibit of the same number to our Current Report on form 8-K filed with the SEC on December 28, 2007.
3.3	Bylaws, incorporated by reference to the exhibit to our report on form SB-2 filed with the SEC on August 4, 2006.
3.4	Articles of Merger, incorporated by reference to the exhibit 3.1 to our report on Form 8-K filed with the SEC on August 1, 2018.
3.5	Certificate of Change, incorporated by reference to the exhibit 3.1 to our report on Form 8-K filed with the SEC on July 7, 2022.
3.6	Amended and Restated Bylaws, incorporated by reference to the exhibit 3.1 to our report on Form 8-K filed with the SEC on November 3, 2021.
4.1	Specimen of Common Stock certificate, incorporated by reference to the exhibit to our report on form SB-2 filed with the SEC on August 4, 2006.
4.2	Form of Warrant, incorporated by reference to exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on September 3, 2014.
4.3	Description of Securities, incorporated by reference to exhibit 4.3 to our Annual Report on Form 10-K filed with the SEC on March 23, 2020.
4.4	Form of Warrant, incorporated by reference to exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on May 1, 2020.
4.5	Form of Warrant, incorporated by reference to exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on May 4, 2020.
4.6	Form of Warrant, incorporated by reference to exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on January 20, 2021.
4.7	Warrant Agency Agreement dated March 1, 2021 by and between the Company and Empire Stock Transfer Inc., incorporated by reference to the Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2021.
4.8	Form of Common Stock Purchase Warrant, incorporated by reference to the Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on March 1, 2021.
10.1	Land Lease Agreement, dated January 2, 2002, by and between the Company and Xushui District Dayin Township Wuji Village Committee and Party Branch, incorporated by reference to the exhibit to our amended Annual Report on form 10-K/A filed with the SEC on February 1, 2010.
10.2	Land Use Rights Certificate, dated March 10, 2003, incorporated by reference to the exhibit to our amended Annual Report on form 10- K/A filed with the SEC on February 1, 2010.
10.3	Exclusive Technical Service and Business Consulting Agreement, dated June 24, 2009, by and between Dongfang Paper and Baoding Shengde, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on June 30, 2009.
10.4	Proxy Agreement, dated June 24, 2009, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on June 30, 2009.
10.5	Loan Agreement, dated June 24, 2009, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on June 30, 2009.
10.6	Call Option Agreement, dated June 24, 2009, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on June 30, 2009.

Exhibit No.	Description of Exhibit
10.7	Share Pledge Agreement, dated June 24, 2009, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on June 30, 2009.
10.8	Call Option Agreement Amendment, dated February 10, 2010, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on February 11, 2010.
10.9	Share Pledge Agreement Amendment, dated February 10, 2010, by and between Dongfang Paper, Baoding Shengde, and the shareholders of Dongfang Paper, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on February 11, 2010.
10.10	Securities Purchase Agreement dated October 7, 2009 between the Company and the Access America Fund, LP, Renaissance US Growth Investment Trust Plc, RENN Global Entrepreneurs Funds, Inc., Premier RENN Entrepreneurial Fund Limited, Pope Investments II, LLC and Steve Mazur (collectively, the “Buyers”), incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on October 8, 2009.
10.11	Make Good Securities Escrow Agreement dated October 7, 2009 between the Company, the Buyers, Zhenyong Liu and the Sichenzia Ross Friedman Ference LLP (the “Escrow Agent”)., incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on October 8, 2009.
10.12	Escrow Agreement dated October 7, 2009 between the Company, the Buyers, Zhenyong Liu and the Escrow Agent, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on October 8, 2009.
10.13	Registration Rights Agreement between the Company and the Buyers dated October 7, 2009, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on October 8, 2009.
10.14	Lock-Up Agreement between Company and Zhenyong Liu dated October 7, 2009, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on October 8, 2009.
10.15	Asset Purchase Agreement, dated November 25, 2009, by and between Baoding Shengde Paper Co., Ltd. and Hebei Shuangxing Paper Co., Ltd., incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on December 10, 2009.
10.16	Purchase Agreement, dated March 31, 2010, for the sale of 3,000,000 shares of Common Stock, by and between IT Tech Packaging, Inc. and Roth Capital Partners, LLC, incorporated by reference to the exhibit to Current Report on form 8-K filed with the SEC on March 31, 2010.
10.17	Purchase Agreement, dated April 9, 2010 by and between Henan Qinyang First Paper Machine Limited and Hebei Baoding Dongfang PaperMilling Company Limited for the purchase of a series of paper machineries and equipment, incorporated by reference to the exhibit to our Current Report on form 8-K filed with the SEC on April 12, 2010.
10.18	Letter from Mr. Zhenyong Liu regarding postponement of interest payments by IT Tech Packaging, Inc., incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K filed on March 25, 2014.
10.19	Financing Limit Agreement dated as March 3, 2014 between Hebei Baoding Dongfang Paper Milling Co., Ltd. and Shanghai Pudong Development Bank Inc., Baoding Branch, incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed on March 25,2014.
10.20	Enterprise Loan Agreement dated as of July 5, 2013 between Hebei Baoding Dongfang Paper Milling Co., Ltd. and Rural Credit Union of Xushui District, incorporated by reference to Exhibit 10.24 to our Annual Report on Form10-K filed on March 25, 2014.
10.21	Engagement Letter, dated as of June 3, 2014, between the Company and H.C. Wainwright & Co., LLC and amendments dated as of July 1,2014, August 19, 2014 and August 25, 2014, incorporated by reference to exhibits 1.1, 1.2, 1.3 and 1.4 to our Current Report on Form 8- K filed with the SEC on September 3, 2014.
10.22	Securities Purchase Agreement, dated August 25, 2014, incorporated by reference to exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 3, 2014.
10.23	Appointment Letter dated November 3, 2014, by and between IT Tech Packaging, Inc. and Marco Ku Hon Wai, incorporated by reference to exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 6, 2014.
10.24	Loan Agreement dated December 2, 2014, by and between IT Tech Packaging, Inc. and Zhenyong Liu, incorporated by reference to Exhibit 10.24 to our Annual Report on Form 10-K filed on March 25, 2014.

Exhibit No.	Description of Exhibit
10.25	Loan Agreement dated March 1, 2015, by and between IT Tech Packaging, Inc. and Zhenyong Liu, incorporated by reference to Exhibit 10.25 to our Annual Report on Form 10-K filed on March 25, 2015.
10.26	Agreement dated July 1, 2015, among China Orient, Hebei Baoding Dongfang Paper Milling Company Limited, Baoding Shengde Paper Co.,Ltd., Zhenyong Liu, Xiaodong Liu, and Shuangxi Zhao, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on July 22, 2015.
10.27	Acquisition Agreement dated June 25, 2019, by and between Hebei Baoding Dongfang Paper Milling Company Limited and HebeiTengsheng Paper Co., Ltd, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on June 28, 2019.
10.28	Supplement Agreement dated December 16, 2019, by and between Hebei Baoding Dongfang Paper Milling Company Limited and Hebei Tengsheng Paper Co., Ltd, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 17, 2019.
10.29	Letter Agreement dated April 21, 2020, by and between the Company and Maxim Group LLC, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 1, 2020.
10.30	Securities Purchase Agreement dated April 29, 2020 by and between the Company and certain purchasers, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on May 1, 2020.
10.31	Amendment to Securities Purchase Agreement dated May 4, 2020, by and between the Company and certain purchasers, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 4, 2020.
10.32	Letter Agreement dated January 14, 2021, by and between the Company and Maxim Group, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 20, 2021.
10.33	Form of Securities Purchase Agreement among the Company and certain institutional investors, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 20, 2021.
10.34	Underwriting Agreement dated as of February 24, 2021 by and between the Company and Maxim Group LLC, incorporated by reference to the Exhibit 1.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2021.
14.1	Code of Ethics and Business Conduct, incorporated by reference to the Exhibit 14.1 to our Annual Report on Form10-K filed with the SEC on March 18, 2013.
16.1	Letter of WWC, P.C. Certified Accountants, incorporated by reference to the Exhibit 16.1 to our Current Report on Form 8-K filed with the SEC on March 4, 2024.
19.1*	Insider Trading Policy.
21.1	Lists of Subsidiaries, incorporated by reference to Exhibit 21.1 to our Annual Report on Form 10-K filed with the SEC on March 27, 2024.
23.1*	Consent of GGF CPA LIMITED.
31.1*	Certification Required Under Section 302 of Sarbanes-Oxley Act of 2002.
31.2*	Certification Required Under Section 302 of Sarbanes-Oxley Act of 2002.
32.1*	Certification Required Under Section 906 of Sarbanes-Oxley Act of 2002.
32.2*	Certification Required Under Section 302 of Sarbanes-Oxley Act of 2002.
97.1	Clawback Policy, incorporated by reference to Exhibit 97.1 to our Annual Report on Form 10-K filed with the SEC on March 27, 2024.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

ITEM 16. FORM 10-K SUMMARY.

Not applicable.

SIGNATURES

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

Date: April 11, 2025

IT TECH PACKAGING, INC.

By: /s/ Zhenyong Liu
Zhenyong Liu
Chief Executive Officer

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

Name	Title	Date
/s/ ZHENYONG LIU Zhenyong Liu	*Chief Executive Officer and Chairman of the Board (principal executive officer)*	April 11, 2025
/s/ JING HAO Jing Hao	*Chief Financial Officer (principal financial and accounting officer)*	April 11, 2025
/s/ FUZENG LIU Fuzeng Liu	*Director*	April 11, 2025
/s/ MARCO KU HON WAI Marco Ku Hon Wai	*Director*	April 11, 2025
/s/ WENBING CHRISTOPHER WANG Wenbing Christopher Wang	*Director*	April 11, 2025
/s/ LUSHANIU LushaNiu	*Director*	April 11, 2025

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