

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31 , 2023

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 001-34502

**Future FinTech Group Inc.**  
(Exact name of registrant as specified in its charter)

**Florida**

(State or other jurisdiction of  
incorporation or organization)

**98-0222013**

(I.R.S. Employer  
Identification Number)

**Americas Tower , 1177 Avenue of The Americas  
Suite 5100 , New York , NY**

(Address of principal executive offices)

**10036**

(Zip Code)

Registrant's Telephone Number: **888 - 622-1218**

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, \$0.001 par value | FTFT              | Nasdaq Capital Market                     |

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

None

(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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy statement or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/>            |

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 Exchange Act). Yes ☐ No ☒

The aggregate market value of voting and nonvoting stock held by non-affiliates of the registrant, based upon the closing price of \$1.30 per share for shares of the registrant's Common Stock on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter as reported by the NASDAQ Capital Market, was approximately \$ 15.3 million.

The number of shares of Common Stock outstanding as of April 12, 2024 was 19,985,410 .

## FUTURE FINTECH GROUP INC.

### ANNUAL REPORT ON FORM 10-K FOR FISCAL YEAR ENDED DECEMBER 31, 2023

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### NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("Annual Report") of Future Fintech Group, Inc. (together with our direct or indirect subsidiaries, "we," "us," "our," "the Company" or "Future FinTech") includes forward-looking statements regarding, among other things, Future FinTech's plans, strategies and prospects, both business and financial. Although Future FinTech believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, Future FinTech cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions including, without limitation, the factors described under "Risk Factors" from time to time in Future FinTech's filings with the SEC. Many of the forward-looking statements contained in this presentation may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated," "aim," "on track," "target," "opportunity," "tentative," "positioning," "designed," "create," "predict," "project," "seek," "would," "could," "continue," "ongoing," "upside," "increases" and "potential", among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this presentation are set forth in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- fluctuations in the supply of products from our suppliers;
- the expected growth of the supply chain financing industry in China, asset management, brokerage and investment banking business in Hong Kong, cross-border payment business in U.K., digital asset mining farm business in the United States and global financial technology industry;
- changes in general economic conditions and conditions adversely affecting the businesses in which Future FinTech is engaged;
- changes in U.S., China and global financial and equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing for our operations and investments;
- our success in implementing our business strategy, integrating the business that we have recently acquired and introducing new products and services;
- our ability to attract and retain customers;
- changes in tastes and preferences for, or the consumption of, our products and services;
- impact of competitive activities on our business;
- the result of future financing efforts;
- risks associated with the adverse effects of COVID-19 pandemic globally;
- risks associated with conducting business internationally and especially in the People's Republic of China ("PRC," or "China"), including currency fluctuations and devaluation, currency restrictions, local laws and restrictions and possible social, political and economic instability; and

- change of laws and regulations of blockchain technology and its application to business;
- other economic, financial and regulatory factors beyond the Company's control.

Any or all of our forward-looking statements in this report may turn out to be inaccurate. They can be affected by inaccurate assumptions we might make or by known or unknown risks or uncertainties. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially as a result of various factors, including, without limitation, the risks outlined under "Item 1A. Risk Factors" in this Annual Report. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

We undertake no obligation to update forward-looking statements to reflect subsequent events, changed circumstances or the occurrence of unanticipated events except as required by law.

Future Fintech Group, Inc. is a holding company incorporated in Florida and it is not an operating company. As a holding company with no material operations of its own, the Company conducts its business through its subsidiaries. It is the holding company that the investors will hold an interest.

Unless otherwise stated, as used in this report "we," "us," "Company," "our," or "Future FinTech" refers to Future FinTech Group Inc., a Florida holding company, and "VIE" refers to the PRC variable interest entity, Cloud Chain E-Commerce (Tianjin) Co., Ltd. (E-Commerce Tianjin).

### Summary of Significant Risk Factors

The following is a summary of significant risk factors and uncertainties that may affect our business, which are discussed in more detail below in "Part I—Item 1A—Risk Factors" included in this Annual Report on Form 10-K:

#### Risks Related to Our Business

- An occurrence of an uncontrollable event such as the COVID-19 pandemic may negatively affect our operations and financial results. (see page 23 of this report)
- The supply chain financing service industry is an emerging and rapidly evolving industry in China and we might not achieve the development as we expected. (see page 24 of this report)
- The supply chain financing service industry is increasingly competitive in China. If we fail to compete effectively, we may lose our customers and partners, which could materially and adversely affect our business, financial condition and results of operations. (see page 24 of this report)
- The asset management services that NTAM provides involve various risks, and failure to identify or fully appreciate such risks will negatively affect our reputation, client relationships, operations and prospects. (see page 25 of this report)
- Our operations of NTAM depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them. (see page 25 of this report)
- The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, and offerings of digital assets is uncertain, and new regulations or policies may materially adversely affect the development of our blockchain related business. (see page 28 of this report)
- We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents. (see page 28 of this report)
- Our business depends on our website, app, network infrastructure and transaction-processing systems. (see page 28 of this report)

#### Risks Related to Doing Business in the PRC

- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations. (see page 31 of this report)
- Uncertainties and quick change in the interpretation and enforcement of Chinese laws and regulations with little advance notice could result in a material and negative impact our business operations, decrease the value of our shares of common stock and limit the legal protections available to us. (see page 33 of this report)

- The Chinese government exerts substantial influence over the manner in which we must conduct our business as well as more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and may intervene or influence our operations at any time, which could result in a material change in our operations, and significantly limit or completely hinder our ability to offer or continue to offer securities to investors and, and cause the value of our shares of common stock to significantly decline or be worthless. (see page 34 of this report)
- There are uncertainties under the PRC Securities Law relating to the procedures and requisite timing for the U.S. securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. (see page 35 of this report)
- We could be restricted from paying dividends to shareholders due to PRC laws and other contractual requirements. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, the VIE, and the WFOE, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets. (see page 36 of this report)

- The Holding Foreign Companies Accountable Act, or the HFCA Act, and the related regulations are evolving quickly. Further implementations and interpretations of or amendments to the HFCA Act or the related regulations, or a PCOAB's determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China. A potential consequence is that our shares of common stock may be delisted by the exchange. The delisting of our common stock, or the threat of our common stock being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct full inspections of our auditor deprives our investors of the benefits of such inspections. (see page 39 of this report)
- The filing with the China Securities Regulatory Commission ("CSRC") is required in connection with any offering under New Overseas Listing Rules, and we cannot assure you that we will be able to timely make such filing, in which case we may face sanctions by the CSRC or other PRC regulatory agencies for failure to timely file with the CSRC for this offering. (see page 38 of this report)

## Risks Related to Our Common Stock

- We are authorized to issue blank check preferred stock, which may be issued without shareholder approval and which may adversely affect the rights of holders of our Common Stock. (see page 40 of this report)
- In recent years, our Common Stock has been in danger of being delisted from the NASDAQ Stock Market ("NASDAQ"). (see page 41 of this report)

Other risks and uncertainties, including those listed under "Part I—Item 1A—Risk Factors".

These factors should not be construed as exhaustive, and should be read with the other cautionary statements, and other information in this Annual Report on Form 10-K, and our other filings with the SEC.

## PART I

### ITEM 1 – BUSINESS

#### Overview

Future FinTech is a holding company incorporated under the laws of the State of Florida. The Company historically engaged in the production and sale of fruit juice concentrates (including fruit purees and fruit juices), fruit beverages (including fruit juice beverages and fruit cider beverages) in the PRC. Due to drastically increased production costs and tightened environmental laws in China, the Company had transformed its business from fruit juice manufacturing and distribution to financial technology related service businesses. The main business of the Company includes supply chain financing services and trading in China, asset management business in Hong Kong and cross-border money transfer service in UK. The Company also expanded into brokerage and investment banking business in Hong Kong and cryptocurrency mining farm in the U.S. The Company had a contractual arrangements with a VIE E-Commerce Tianjin in China, which has generated minimal revenue and business since 2021 due to the negative impact caused by COVID-19. The Company started the process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

There are legal and operational risks associated with being based in and having a substantial majority of operations in China and Hong Kong. These risks could result in a material change in our operations and/or the value of our common stock or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our shares to significantly decline or be worthless. In the past few years, 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. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued an announcement to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. On February 15, 2022, Cybersecurity Review Measures published by Cyberspace Administration of China or the CAC, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, State Administration of Radio and Television, China Securities Regulatory Commission ("CSRC"), State Secrecy Administration and State Cryptography Administration became effective, which provides that, Critical Information Infrastructure Operators ("CIIOs") that intend to purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, CAC published the Administration Measures for Cyber Data Security (Draft for Public Comments), or the "Cyber Data Security Measure (Draft)", which requires cyberspace operators with personal information of more than 1 million users who want to list abroad to file a cybersecurity review with the Office of Cybersecurity Review. On July 7, 2022, CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer, effective on September 1, 2022, which requires the data processors to apply for data cross-border security assessment coordinated by the CAC under the following circumstances: (i) any data processor transfers important data to overseas; (ii) any critical information infrastructure operator or data processor who processes personal information of over 1 million people provides personal information to overseas; (iii) any data processor who provides personal information to overseas and has already provided personal information of more than 100,000 people or sensitive personal information of more than 10,000 people to overseas since January 1st of the previous year; and (iv) other circumstances under which the data cross-border transfer security assessment is required as prescribed by the CAC. On February 17, 2023, the CSRC released New Overseas Listing Rules with five interpretive guidelines, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with CSRC and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. According to the Notice on Arrangements for Overseas Securities Offering and Listing by Domestic Enterprises, published by the CSRC on February 17, 2023, a company that (i) has already completed overseas listing or (ii) has already obtained the approval for the offering or listing from overseas securities regulators or exchanges but has not completed such offering or listing before effective date of the new rules and also completes the offering or listing before September 30, 2023 are considered as an existing listed company and is not required to make any filing until it conducts a new offering in the future. Furthermore, upon the occurrence of any of the material events specified below after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report thereof to the CSRC within 3 business days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other competent authorities; (iii) change of listing status or transfer of listing segment; or (iv) voluntary or mandatory delisting. The New Overseas Listing Rules stipulate the legal consequences to the companies for breaches, including failure to fulfill filing obligations or filing documents having false statement or misleading information or material omissions, which may result in a fine ranging from RMB1 million to RMB10 million, and in cases of severe violations, the relevant responsible persons may also be barred from entering the securities market. On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrecy Protection and the National Archives Administration released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by

Domestic Companies, or the Confidentiality and Archives Administration Provisions, which took effect on March 31, 2023. PRC domestic enterprises seeking to offer securities and list in overseas markets, either directly or indirectly, shall establish and improve the system of confidentiality and archives work, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that (i) providing or publicly disclosing documents and materials which may adversely affect national security or public interests, and accounting records or photocopies thereof to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals shall be subject to corresponding procedures in accordance with relevant laws and regulations; and (ii) any working papers formed in the territory of the PRC by securities companies and securities service agencies that provide domestic enterprises with securities services relating to overseas securities issuance and listing shall be stored in the territory of the PRC, the outbound transfer of which shall be subject to corresponding procedures in accordance with relevant laws and regulations. As of the date of this report, these new laws and guidelines that became effective have not impacted the Company's ability to conduct its business, accept foreign investment or list on a U.S. or other foreign stock exchange except for the filing requirement under New Overseas Listing Rules. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules. In addition, new rules and regulations could be adopted and there are uncertainties in the interpretation and enforcement of existing laws and guidelines, which could materially and adversely impact our business and financial outlook and may impact our ability to accept foreign investments or continue to list on a U.S. or other foreign stock exchange. Any change in foreign investment regulations, and other policies in China or related enforcement actions by China government could result in a material change in our operations and the value of our securities and could significantly limit or completely hinder our ability to offer our securities to investors or cause the value of our securities to significantly decline or be worthless.

In the opinion of our PRC counsel Fengdong Law Firm, subsidiaries of the Company are incorporated and operating in mainland China have received all required permissions from Chinese authorities to operate their current business in China, including Business licenses and Bank Account Open Permits, as of the date of this report.

In the opinion of Fengdong Law Firm, as of the date of this report, we, our subsidiaries in China are not subject to permission requirements from the CSRC or CAC or any other entity that is required to approve of their operations and have not received or were denied such permissions by any PRC authorities. Currently, we are required to file with CSRC for any offerings under New Overseas Listing Rules. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules. Given the current PRC regulatory environment, it is uncertain whether we, our subsidiaries, will be able to obtain permission from the PRC government to offer our securities to foreign investors, and even when such permission is obtained, whether it will be denied or rescinded. If we or any of our subsidiaries do not receive or maintain such permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or applicable laws, regulations, or interpretations change and we or our subsidiaries are required to obtain such permissions or approvals, it could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and cause the value of our securities to significantly decline or become worthless. Failure to take timely and appropriate measures to adapt to any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

The Company's auditor, Fortune CPA Inc. is headquartered in California and the Public Company Accounting Oversight Board (United States) (the "PCAOB") currently has access to inspect the working papers of our auditor. On December 15, 2022, the PCAOB Board determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB Board will consider the need to issue a new determination. On December 29, 2022, a legislation entitled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act"), was signed into law by President Biden. The Consolidated Appropriations Act contained, among other things, an identical provision to Accelerating Holding Foreign Companies Accountable Act, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the HFCA Act from three years to two. The Holding Foreign Companies Accountable Act and related regulations currently does not affect the Company as the Company's auditor is subject to PCAOB's inspection and investigation.

As a holding company, we may rely on dividends and other distributions on equity paid by our subsidiaries for our cash and financing requirements. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends to us. However, neither any of our subsidiaries or the VIE has made any dividends, other distributions or cash transfers to our holding company or any U.S. investors as of the date of this report. In the future, cash proceeds raised from overseas financing activities may be transferred by us to our PRC subsidiaries via capital contribution or shareholder loans, as the case may be. As a holding company, we may rely principally on dividends and other distributions on equity paid by our subsidiaries for our cash and financing requirements we may have. As of the date of this report, we do not have cash management policies and procedures in place that dictate how funds are transferred through our organization. Rather, the funds can be transferred in accordance with the applicable PRC laws and regulations. See *"Dividend Distribution and Cash Transfer Between the Holding Company and Subsidiaries."*

As of the date of this report, no dividends or distributions have been made between the holding company, its subsidiaries, and consolidated VIE, or to investors including U.S. investors. The holding company, its subsidiaries, and the VIE do not have any plan to distribute dividend or settle amounts owed under the VIE Agreements in the foreseeable future. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, the VIE, and the WFOE (as defined below), such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets. See *"Dividend Distribution and Cash Transfer Between the Holding Company and Subsidiary."* and *"Risk Factor - We could be restricted from paying dividends to shareholders due to PRC laws and other contractual requirements. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, the VIE, and the WFOE, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets."*

In March 2022, FTFT UK Limited received approval to operate as an Electronic Money Directive ("EMD") Agent and has been registered as such with the Financial Conduct Authority (FCA), a UK regulator. This status grants FTFT UK Limited the ability to distribute or redeem e-money and provide certain financial services on behalf of an e-money institution (registration number 903050).

On April 14, 2022, the Company established Future Trading (Chengdu) Co., Ltd. Its business is bulk commodities supply chain financing services and trading.

On April 18, 2022, the Company and Future Fintech (Hong Kong) Limited, a wholly owned subsidiary of the Company jointly acquired 100% equity interest of KAZAN S.A., a company incorporated in Republic of Paraguay for \$288. The Company owns 90% and FTFT HK owns 10% of Kazan S.A.,

respectively. Kazan S.A. has no operation before the acquisition. The Company is developing bitcoin and other cryptocurrency mining and related service business in Paraguay. The Company has changed its name from KAZAN S.A to FTFT Paraguay S.A. on July 28, 2022.

On September 29, 2022, FTFT UK Limited completed its acquisition of 100% of the issued and outstanding shares of Khyber Money Exchange Ltd., a company incorporated in England and Wales, from Rahim Shah, a resident of United Kingdom for a total of Euros €685,000 ("Purchase Price"), pursuant to a Share Purchase Agreement (the "Agreement") dated September 1, 2021. Khyber Money Exchange Ltd. is a money transfer company with a platform for transferring money through one of its agent locations or via its online portal, mobile platform or over the phone. Khyber Money Exchange Ltd. is regulated by the UK Financial Conduct Authority (FCA) and the parties received approval by the FCA before the formal closing of the transaction. On October 11, 2022, the Company changed the name of Khyber Money Exchange Ltd. to FTFT Finance UK Limited.

On February 27, 2023, Future FinTech (Hong Kong) Limited ("Buyer"), a company incorporated in Hong Kong and a wholly owned subsidiary of Future FinTech Group Inc. (the "Company") entered into a Share Transfer Agreement (the "Agreement") with Alpha Financial Limited, a company incorporated in Hong Kong ("Seller") and sole owner and shareholder of Alpha International Securities (Hong Kong) Limited, a company incorporated in Hong Kong ("Alpha HK") and Alpha Information Service (Shenzhen) Co., Ltd., a company incorporated in China ("Alpha SZ"). Alpha HK holds Type 1 'Securities Trading', Type 2 'Futures Contract Trading' and Type 4 'Securities Consulting' financial licenses issued by the Hong Kong Securities and Futures Commission. Alpha SZ provides technical support services to Alpha HK. The share transfer transaction was approved by the Securities and Futures Commission of Hong Kong ("SFC") in August 2023 and the acquisition was closed on November 7, 2023. The names of the two entities were subsequently changed to 'FTFT International Securities and Futures Limited' and 'FTFT Information Services (Shenzhen) Co. Ltd.', respectively.

On January 26, 2023, the Company filed with the Florida Secretary of State's office Articles of Amendment (the "Amendment") to amend its Second Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation"). As a result of the Amendment, the Company has authorized and approved a 1-for-5 reverse stock split of the Company's authorized shares of common stock from 300,000,000 shares to 60,000,000 shares, accompanied by a corresponding decrease in the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). The common stock will continue to be \$0.001 par value. The Company rounds up to the next full share of the Company's shares of common stock any fractional shares that result from the Reverse Stock Split and no fractional shares is issued in connection with the Reverse Stock Split and no cash or other consideration is paid in connection with any fractional shares that would otherwise have resulted from the Reverse Stock Split. No changes are being made to the number of preferred shares of the Company which remain as 10,000,000 preferred shares as authorized but not issued. The amendment to the Articles of Incorporation of the Company will take effect at 1:00am Eastern Time on February 1, 2023. The Reverse Stock Split and Amendment were authorized and approved by the Board of Directors of the Company without shareholders' approval, pursuant to 607.10025 of the Florida Business Corporation Act of the State of Florida.

The Company operated a blockchain based online shopping platform, Chain Cloud Mall ("CCM") Chain Cloud Mall through its VIE and its business was materially and negatively affected by outbreak of COVID-19 since early 2020 because the Company was unable to implement its promotion strategy to enroll new members through training of such members and distributors via meetings and conferences which was not possible during the outbreak of COVID-19. CCM has generated minimal revenue and business since 2021, despite the Company transformed the member-based business model of CCM to a sale agent based "Enterprise Communication as A Service" or eCAAS platform during the second quarter of 2021. The Company started a process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

The Company currently has nine directly controlled subsidiaries: DigiPay FinTech Limited ("DigiPay"), a company incorporated under the laws of the British Virgin Islands, Future FinTech (Hong Kong) Limited, a company incorporated under the laws of Hong Kong, GlobalKey Shared Mall Limited, a company incorporated under the laws of Cayman Islands ("GlobalKey Shared Mall"), Tianjin Future Private Equity Fund Management Partnership, a Limited Partnership under the laws of China, FTFT UK Limited, a company incorporated under the laws of United Kingdom, Future Fintech Digital Capital Management, LLC, a company incorporated under the laws of Connecticut, Future Fintech Digital Number One GP, LLC, a company incorporated under the laws of Connecticut, Future FinTech Labs Inc., a company incorporated under the laws of New York, and FTFT SuperComputing Inc. a company incorporated under the laws of Ohio.

SkyPeople Foods Holdings Limited ("SkyPeople BVI") was a wholly owned subsidiary of the Company and a company organized under the laws of the British Virgin Islands, which held 100% of the equity interest of HeDeTang Holdings (HK) Ltd. ("HeDeTang HK"), a company organized under the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), and HeDeTang HK held 73.42% of the equity interest of SkyPeople Juice Group Co., Ltd., ("SkyPeople (China)"), a company incorporated under the laws of the PRC. SkyPeople (China) had eleven subsidiaries in the PRC, which were mainly involved in the production and sales of fruit juice concentrates, fruit juice beverages and other fruit-related products in the PRC and overseas markets. On February 27, 2020, SkyPeople BVI (the "Seller") completed the transfer of its ownership of HeDeTang HK to New Continent International Co., Ltd. (the "Buyer"), an unrelated third party and a company incorporated in the British Virgin Islands for a total price of RMB 0.6 million (approximately \$85,714), pursuant to a Share Transfer Agreement entered into by the Seller and the Buyer on September 18, 2019 and approved at the special shareholders meeting of the Company on February 26, 2020 (the "Sale Transaction"). SkyPeople BVI had no operational assets or business after the transfer and the Company dissolved SkyPeople BVI on July 27, 2020.

Our organizational structure as of December 31, 2023 is set forth in the diagram:



financial statements in accordance with U.S. GAAP.

*Exclusive Technology Consulting and Service Agreement.*

Pursuant to the Exclusive Technology Consulting and Service Agreement, CCM Network agreed to act as the exclusive consultant of E-Commerce Tianjin and provide technology consulting and services to E-Commerce Tianjin. In exchange, E-Commerce Tianjin agreed to pay CCM Network a technology consulting and service fee, the amount of which is to be equivalent to the amount of net profit before tax of E-Commerce Tianjin, payable on a quarterly basis after making up losses of previous years (if necessary) and deducting necessary costs and expenses related to the business operations of E-Commerce Tianjin. Without the prior written consent of CCM Network, E-Commerce Tianjin may not accept the same or similar technology consulting and services provided by any third party during the term of the agreement. All the benefits and interests generated from the agreement, including but not limited to intellectual property rights, know-how and trade secrets, will be CCM Network's sole and exclusive property. This agreement has a term of 10 years and may be extended unilaterally by CCM Network with CCM Network's written confirmation prior to the expiration date. E-Commerce Tianjin cannot terminate the agreement early unless CCM Network commits fraud, gross negligence or illegal acts, or becomes bankrupt or winds up.

*Exclusive Purchase Option Agreement and Power of Attorney.*

Pursuant to the Exclusive Purchase Option Agreement, Mr. Zeyao Xue and Mr. Kai Xu granted to CCM Network and any party designated by CCM Network the exclusive right to purchase, at any time during the term of this agreement, all or part of the equity interests in E-Commerce Tianjin, or the "Equity Interests," at a purchase price equal to the registered capital paid by Mr. Zeyao Xue and Mr. Kai Xu for the Equity Interests, or, in the event that applicable law requires an appraisal of the Equity Interests, the lowest price permitted under applicable law. Pursuant to powers of attorney executed by Mr. Zeyao Xue and Mr. Kai Xu, they irrevocably authorized any person appointed by CCM Network to exercise all shareholder rights, including but not limited to voting on their behalf on all matters requiring approval of E-Commerce Tianjin's shareholder, disposing of all or part of the shareholder's equity interest in E-Commerce Tianjin, and electing, appointing or removing directors and executive officers. The person designated by CCM Network is entitled to dispose of dividends and profits on the equity interest without reliance on any oral or written instructions of Mr. Zeyao Xue and Mr. Kai Xu. The powers of attorney will remain in force for so long as Mr. Zeyao Xue and Mr. Kai Xu remain the shareholders of E-Commerce Tianjin. Mr. Zeyao Xue and Mr. Kai Xu have waived all the rights which have been authorized to CCM Network's designated person under the powers of attorney.

*Equity Pledge Agreement.*

Pursuant to the Equity Pledge Agreements, Mr. Zeyao Xue and Mr. Kai Xu pledged all of the Equity Interests to CCM Network to secure the full and complete performance of the obligations and liabilities on the part of E-Commerce Tianjin and them under this and the above contractual arrangements. If E-Commerce Tianjin, Mr. Zeyao Xue, or Mr. Kai Xu breaches their contractual obligations under these agreements, then CCM Network, as pledgee, will have the right to dispose of the pledged equity interests. Mr. Zeyao Xue and Mr. Kai Xu agree that, during the term of the Equity Pledge Agreements, they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests, and they also agree that CCM Network's rights relating to the equity pledge should not be interfered with or impaired by the legal actions of the shareholders of E-Commerce Tianjin, their successors or designees. During the term of the equity pledge, CCM Network has the right to receive all of the dividends and profits distributed on the pledged equity. The Equity Pledge Agreements will terminate on the second anniversary of the date when E-Commerce Tianjin, Mr. Zeyao Xue and Mr. Kai Xu have completed all their obligations under the contractual agreements described above.

*Spousal Consent Letters.* The spouse of Mr. Kai Xu (Mr. Zeyao Xue is not married), the shareholder of E-Commerce Tianjin has signed a spousal consent letter agreeing that the equity interests in E-Commerce Tianjin held by and registered under the name of such shareholder will be disposed pursuant to the contractual agreements with CCM Network. The spouse of such shareholder agreed not to assert any rights over the equity interest in E-Commerce Tianjin held by such shareholder.

The VIE is consolidated for accounting purposes but is not an entity in which we own equity. The VIE structure is subject to various risks. For example, the contractual arrangements may not be as effective as direct ownership in providing us with control over E-Commerce Tianjin. We expect to rely on the performance by the VIE shareholders of their respective obligations under the contracts to exercise control over E-Commerce Tianjin. The VIE shareholders may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks will exist throughout the period in which we operate related e-commerce platform business through the contractual arrangements. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation or other legal proceedings which could be a lengthy process and very costly. Since 2021, the VIE has generated minimal revenue and business for the Company due to negative impact by COVID-19 and the Company started a process to close it down in November 2023. On March 7, 2024, the Company completed deregistration and dissolution of the VIE with the approval by CCM Network, E-Commerce Tianjin, Mr. Zeyao Xue and Mr. Kai Xu.

***Dividend Distribution and Cash Transfer Between the Holding Company and Subsidiaries***

Our PRC operating entities receive a substantial part of our revenue in the RMB. Under our current corporate structure, to fund any cash and financing requirements we may have, the Company may rely on dividend payments from its ten direct wholly-owned subsidiaries. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from State Administration of Foreign Exchange or the SAFE by complying with certain procedural requirements. Therefore, our Chinese subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approval from or registration with appropriate government authorities is, however, required where the RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. For the Company and our subsidiaries in Hong Kong, BVI, Japan, Cayman, UK, Dubai and U.S. ("Non-PRC Entities"), there is no restrictions on foreign exchange for such entities and they are able to transfer cash among these entities across borders. Also, there is no restrictions and limitations on the abilities of Non-PRC Entities to distribute earnings from their businesses, including from subsidiaries to the parent company or from the Company to the U.S. investors.

Current PRC regulations permit our PRC subsidiaries to pay dividends to the Company only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each such entity in China is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Under the existing laws of Hong Kong, funds from capital accounts can be repatriated and remitted overseas without restrictions, and there is no foreign exchange control imposed.

To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets. See “Risk Factor - We could be restricted from paying dividends to shareholders due to PRC laws and other contractual requirements.” and “Risk Factor - We could be restricted from paying dividends to shareholders due to PRC laws and other contractual requirements. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets.” We intend to keep any future earnings to re-invest in and finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future. We currently don’t have any cash management policies and procedures in place that dictate how funds are transferred through our organization. Rather, the funds can be transferred in accordance with the applicable PRC laws and regulations.

Cash dividends, if any, on our shares of common stock will be paid in U.S. dollars. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10.0%. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Tax Evasion With Respect to Taxes On Income, or the Double Tax Avoidance Arrangement, the 10% withholding tax rate may be lowered to 5%, if the recipient of the relevant dividends qualifies certain necessary requirements, including without limitation that (a) the Hong Kong project must be the beneficial owner of the relevant dividends; and (b) the Hong Kong project must directly hold no less than 25% share ownership in the PRC project during the 12 consecutive months preceding its receipt of the dividends. The 5% withholding tax rate, however, does not automatically apply and in current practice, a Hong Kong project must obtain a tax resident certificate from the Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to any dividends paid by our PRC subsidiaries to its immediate holding company, Future FinTech (Hong Kong) Limited. As of the date of this report, we have not applied for the tax resident certificate from the relevant Hong Kong tax authority. Future FinTech (Hong Kong) Limited intends to apply for the tax resident certificate if and when its PRC subsidiaries plan to declare and pay dividends to Future FinTech (Hong Kong) Limited.

### **Impact of COVID-19 on our Business**

In December 2019, a novel strain of coronavirus was reported and has spread throughout China and other parts of the world. On March 11, 2020, the World Health Organization characterized the outbreak as a “pandemic”. In early 2020, Chinese government took emergency measures to combat the spread of the virus, including quarantines, travel restrictions, and the temporary closure of office buildings and facilities in China. In response to the evolving dynamics related to the COVID-19 outbreak, the Company was following the guidelines of local authorities as it prioritizes the health and safety of its employees, contractors, suppliers and business partners. Our offices in China were closed and the employees worked from home at the end of January 2020 until late March 2020. The quarantines, travel restrictions, and the temporary closure of office buildings have materially negatively impacted our business. The outbreak has had and might continue to have disruption to our supply chain, logistics providers, customers or our marketing activities with the new variants of COVID-19, which could materially adversely impact our business and results of operations. There were outbreaks in various cities and provinces in China due to Omicron variant, such as Xi’an city, Hong Kong, Shanghai, Beijing and other cities in 2022, which have resulted quarantines, travel restrictions, and temporary closure of office buildings and facilities in these cities. In December 2022, the Chinese government eased its strict zero COVID-19 policy which resulted in a surge of new COVID-19 cases during December 2022 and January 2023, which has disrupted our business operations in China. The Company’s promotion strategy of CCM Shopping Mall previously mainly relied on the training of members and distributors through meetings and conferences. Chinese government put a restriction on large gatherings in 2020 and 2021, which made the promotion strategy for our online e-commerce platforms difficult to implement and the Company experienced difficulties to subscribe new members for its online e-commerce platforms. Since 2021, CCM generated minimal revenue and business for the Company. The Company started a process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

While the potential economic impact brought by new variants of COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing our ability to access capital, which could negatively affect our liquidity. Further, as we do not have access to a revolving credit facility, there can be no assurance that we would be able to secure commercial debt financing in the future in the event that we require additional capital. In the event that we do need to raise capital in the future and there is any outbreak due to new variants, outbreak-related instability in the securities markets could adversely affect our ability to raise additional capital.

### **Company Strategy and Principal Products and Services**

Our core business historically was in the production and sale of fruit juice concentrates (including fruit purees and fruit juices), fruit beverages (including fruit juice beverages and fruit cider beverages) in the PRC and internationally. Due to drastically increased production cost and tightened environmental laws in China, the Company has transformed its main business from fruit juice manufacturing and distribution to a real-name blockchain e-commerce platform that integrates blockchain and internet technology in fiscal year 2019. Due to the outbreak of COVID-19, the Chinese government put a restriction on large gatherings. These restrictions made the promotion strategy for our online e-commerce platforms difficult to implement and the Company experienced difficulties to subscribe new members for its online e-commerce platforms. Since 2021, CCM e-commerce platform has generated minimal revenue and business for the Company. The Company started a process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024. Currently, the Company mainly generates its revenues from its supply chain financing/trading and asset management business. During the fiscal year of 2023, the supply chain financing and asset management business contributed 59% and 37% of our revenues, respectively. During the fiscal year of 2022, the supply chain financing and wealth management business of NTAM contributed 42.33% and 57.08% of our revenues, respectively.

On September 29, 2022, FTFT UK Limited completed its acquisition of 100% of the issued and outstanding shares of Khyber Money Exchange Ltd., a company incorporated in England and Wales, from Rahim Shah, a resident of United Kingdom for a total of Euros €685,000 (“Purchase Price”), pursuant to a Share Purchase Agreement (the “Agreement”) dated September 1, 2021. Khyber Money Exchange Ltd. is a money transfer company with a platform for transferring money through one of its agent locations or via its online portal, mobile platform or over the phone. Khyber Money Exchange Ltd. is regulated by the UK Financial Conduct Authority (FCA) and the parties received approval by the FCA before the formal closing of the transaction.

In March 2022, FTFT UK Limited received has received approval to operate as an Electronic Money Directive (“EMD”) Agent and has been registered as such with the Financial Conduct Authority (FCA), a UK regulator. This status grants FTFT UK Limited the ability to distribute or redeem e-money and provide certain financial services on behalf of an e-money institution (registration number 903050).

On February 27, 2023, Future FinTech (Hong Kong) Limited (“Buyer”), a company incorporated in Hong Kong and a wholly owned subsidiary of Future FinTech Group Inc. (the “Company”) entered into a Share Transfer Agreement (the “Agreement”) with Alpha Financial Limited, a company incorporated in Hong Kong (“Seller”) and sole owner and shareholder of Alpha International Securities (Hong Kong) Limited, a company incorporated in Hong Kong

("Alpha HK") and Alpha Information Service (Shenzhen) Co., Ltd., a company incorporated in China ("Alpha SZ"). Alpha HK holds Type 1 'Securities Trading', Type 2 'Futures Contract Trading' and Type 4 'Securities Consulting' financial licenses issued by the Hong Kong Securities and Futures Commission. Alpha SZ provides technical support services to Alpha HK. The share transfer transaction was approved by the Securities and Futures Commission of Hong Kong ("SFC") in August 2023 and the acquisition was closed on November 7, 2023. The names of the two entities were subsequently changed to 'FTFT International Securities and Futures Limited' and 'FTFT Information Services (Shenzhen) Co. Ltd.', respectively.

The Company is in the process of transition and developing its financial technology related business, including asset management, supply chain financing/trading, payment services, investment banking and brokerage, digital assets mining farm services.

### **Supply Chain Financing Service and Trading in China**

Since the second quarter of 2021, we started supply chain financing service and trading business, which currently includes coal, aluminum ingots, sand and steel supply chain financing service and trading business.

Our supply chain finance business mainly serves the receivables and payables of industrial customers, obtains the creditor's rights or commodity goods rights of large state-owned enterprises through trade execution, provides customers with working capital, accelerates capital turnover, and then expands the business scale and improves the industrial value.

Through our supply chain service ability and customer resources, we can tap into low-risk assets, flexibly carry out financial services around the actual financial needs of certain industries, and reduce the overall risk of the business by using the control of business flow, goods logistics and capital flow in the process of commodity circulation.

We focus on bulk commodity goods such as sand, steel, coal and aluminum ingots and take large state-owned or listed companies as the core service targets; We use our own funds as the operation basis, actively uses a variety of channels and products for financing, such as banks, commercial factoring companies, accounts receivable, asset-backed securities, and other innovative financing methods to obtain sufficient funds.

We sign purchase and sale agreements with suppliers and buyers. The suppliers are responsible for the supply and transportation of goods to the end users' designated freight yard or transfer the title to us in certain warehouses. We also provide trading service as we don't take control over the ownership of the goods but receive lower margin for the transaction. For the sale of goods where we obtain control of the goods before transferring it to the customer, we recognize revenue based on the gross revenue amount billed to customers as sales of goods. We consider multiple factors when determining whether we obtain control of third-party goods, including evaluating if we can establish the price of the goods, retain inventory risk for tangible goods or have the responsibility for ensuring acceptability of the goods. We recognize net revenue as agent services for the sales of coals, aluminum ingots, sand and steel when no control obtained throughout the transactions. We select the customers and suppliers that have good credit and reputation.

### **Asset Management, Brokerage and Investment Banking Services in Hong Kong .**

The Company acquired 90% of the issued and outstanding shares of Nice Talent Asset Management Limited ("NTAM"), a Hong Kong-based asset management company in August 2021. NTAM was founded in 2018 and it engages asset management and advisory services. NTAM is licensed under the Securities and Futures Commission of Hong Kong (SFC) for carrying out regulated activities in "Advising on Securities" and "Asset Management". NTAM offers diversified asset management portfolio for professional investors. Assets of NTAM's clients are held in banks, where clients gave the banks their authorization allowing NTAM to place trading instructions on behalf of the clients in order to manage the clients' assets.

NTAM mainly engages in following asset management services for its clients:

#### **(1) Equity Investment**

NTAM manages clients' investment portfolio in stocks of the companies listed on the international market with strong liquidity. At the same time, it selects companies that have unique or differentiated businesses, realizing above average profit growth.

#### **(2) Debt investment**

When NTAM manages clients' investment portfolio in bonds that are denominated in major international currencies such as US dollar, euro and sterling, the issuer of debts shall have good credit rating and asset liability ratio. Through active management, NTAM focus on bonds with higher yield to maturity among bonds with the same maturity and credit rating.

#### **(3) Precious metals and currencies investment**

NTAM also manages clients' investment portfolio in major international currencies and precious metals, including US dollar, euro, British pound, Japanese yen, Australian dollar and offshore Chinese yuan. Precious metals include gold, platinum and silver. With research on the fundamentals of market supply and demand to predict the trend of commodity prices, NTAM endeavors to improve the rate of return for clients through dual currency investment, options and structured products.

#### **(4) Derivative Investment**

NTAM also manages clients' investment portfolio in financial derivatives in different asset classes, such as options and structured products.

#### **(5) External Asset Management Services (EAM)**

This business takes customer demand as the service purpose, cooperates with several private banks which provide asset custody services, and innovatively introduces the function of investment bank to provide exclusive private solutions for our clients.

NTAM's main revenue is generated from providing professional advices to clients and management fees for managing the investment of the clients. As of March 31, 2024, NTAM has approximately US\$346 million assets under its management.

In November 2023, the Company completed the acquisition of Alpha International Securities (Hong Kong) Ltd. and changed its names to FTFT International Securities and Futures Limited ("FTFT International"). Founded in 2010, FTFT International focuses on three main areas of financial services:

(1) online brokerage services consisting of Hong Kong equities as well as US equities where it works with its partner, a US brokerage firm, (2) underwriting and distribution of Hong Kong IPOs, and (3) underwriting U.S. dollar-denominated bonds issued by Chinese companies in Hong Kong. FTFT International Securities holds Type 1 "Securities Trading", Type 2 "Futures Trading" and Type 4 "Securities Advisory" financial licenses issued by the HK SFC. FTFT International provides customers with a full range of financial services in Hong Kong including online brokerage services, IPOs, financial advisory services and US dollar-based Chinese municipal and enterprise bond issuance services. FTFT International has over 60,000 customer accounts, and since 2020 it has underwritten 29 IPOs in Hong Kong. In terms of offshore US dollar-based Chinese bond issuance, since 2020 FTFT International has underwritten nine Chinese municipal and enterprise bonds in Hong Kong.

## **Money Transfer Business**

FTFT Finance UK Limited ("FTFT Finance") formerly known as Khyber Money Exchange Ltd. was acquired by FTFT UK Limited in September 2022. It is regulated by UK Financial Conduct Authority ("FCA") for its cross-border money transfer systems and service. FTFT Finance was incorporated in 2009 and is a pioneer in the UK for money remittance services. FTFT Finance provides money transfer services through its platform to transfer money around the world via one of its agent locations or its online portal, mobile platform, or over the phone. FTFT Finance is headquartered in the UK and it has a trade name of FTFT Pay. FTFT Finance's plan is to develop products and services across different regions of the world.

FTFT Finance is a financial platform that enables its customers to send their hard-earned money to their country of origin, or any other country of their liking, with ease and at a reasonable cost, transparent exchange rate and without any hidden charges. We believe our customers and their diverse backgrounds that has helped FTFT Finance to become a credible and trustworthy money remittance business.

Remittance service is a highly saturated market in the United Kingdom and there are many companies that offer remittance services. FTFT Finance has an edge over companies like wise in many different ways, for example, FTFT Finance offers competitive rates for its services and does not charge customer fees for remittance to Pakistan as it receives its rebate from local banks. This approach provides gives us an advantage over our competitors.

According to the Office for National Statistics, the UK economy grew by 0.1% for the year of 2023, and GDP per capita fell by 0.6% for the year of 2023, and the slow-down of UK economy directly cause the decline in the amount and frequency of remittance business which also negatively impacted our business. Also, the exchange rate fluctuation in 2023 is relatively large, which significantly reduced our income.

## **Competition and our Competitive Advantages**

### Asset Management Market in Hong Kong

We believe NTAM has the following competitive advantages in the asset management market in Hong Kong:

#### (1) Provide customers with comprehensive and professional financial services

NTAM currently holds Type 4 (Securities Advisory) and Type 9 (Asset Management) regulated activity licenses issued by the Hong Kong Securities and Futures Commission. It can provide a series of professional financial services for customers, including providing financial advisory services, and various capital entrusted investment management services for the investment in the companies and instruments listed or unlisted on the stock exchanges in Hong Kong, mainland China and worldwide.

#### (2) Simple and efficient management structure

Compared with the multi-level structure with multiple approval procedures by other large firms, NTAM adopts a more concise and efficient direct reporting system. Each business team can directly report the business to the board of directors of NTAM, which provides fast and efficient services for the company's customers, quickly responds to the changes of market conditions, timely seizes market investment opportunities and responds to adverse factors.

#### (3) An experienced and diligent management team

The senior managers in NTAM have many years of experience in private banks and accounting firms and some of them have been in the asset management industry for more than 10 years. The management team has a comprehensive vision and efficient execution ability, and can bring more incremental business to the company with their professional advantages and personal resources.

#### (4) Maintain close and stable relationship with customers

NTAM has established a close and stable business relationship with its existing customers and understood their long-term business objectives, strategies and preferences, so that it can provide customized advisory and asset management services to the customers. NTAM believes its market reputation and existing customers' confidence in the company can promote customers to introduce and bring new customers.

### Brokerage and Investment Banking Services

The online brokerage market is highly competitive and rapidly evolving. Our primary competitors include online brokers and other firms providing brokerage services. Nevertheless, we believe that our diverse product offerings, advanced technology infrastructure, efficient trade execution, top quality customer services and competitive pricing together make us one of the top performers in this market.

Although some of our competitors may have greater financial resources or a larger customer base than we do, we believe that our proprietary trading platform, comprehensive customer services, innovative products and services, unparalleled user experience, robust infrastructure and advanced technology, and strong brand recognition are powerful competitive strengths in the fast-evolving online brokerage market.

### Supply Chain Finance Market in China

We believe our supply chain finance business has the following competitive strengths and set us apart from our competitors:

#### (1) Independent risk control management system

At the beginning of its establishment, we established a complete and independent risk control management system for our supply chain finance business, and have strictly implemented the unified and comprehensive risk control management for customer access, contract signing, business execution, and capital allocation.

## (2) High-quality customer groups

The criteria for our corporate clients are generally the wholly owned or controlled subsidiaries of large state-owned companies or publicly listed companies. At present, our customers are mainly in the coal, sand and metal industries, power generation, construction and heating industries, which includes subsidiary of China Datang Corporation, one of the five large-scale power generation enterprises in China.

## (3) Standardization of financing process and system

To improve operational efficiency and decision-making timeliness, we have established a standardized financing process and system to provide supply chain finance and services.

## (4) Access to capital market

One of the key elements to the supply chain finance is to have access to sufficient funds in order to expand its business and increase number of clients. Our supply chain business will take the advantage as a subsidiary of the public company of Future FinTech as well as its other financial technology business development to obtain enough funds for its further development and provide comprehensive financial services to its clients.

### Money Transfer Market in UK

Remittance service is a highly saturated market in the United Kingdom. There are many companies that offer remittance services as our competitors, such as Ace Money Transfer, Wise (formerly known as Transfer Wise), Remitly and Remit World.

FTFT Finance has an edge over companies like wise in many different ways, for example, FTFT Finance offers competitive rates for its services and it does not charge customer fees for remittance to Pakistan as it receives its rebate from local banks. This approach provides gives us an advantage over our competitors.

### **Marketing and Sales**

We market our supply chain financing services to large state-owned or controlled enterprises and public company, with a focus on energy, construction and metal industries. Our supply chain finance business has established a high-quality team that fully understands our strategy and market situation and is sensitive to market changes to find target customers and expand our business. Based on standardized operation, our team has established a good reputation in the cooperation with existing customers, and to reach out to their respective upstream and downstream business partners to expand our business scope.

NTAM has multidimensional flexible layout for its business development. It manages clients' investment portfolio in a diversified manner across multiple asset classes in global markets. The type and proportion of positions are determined according to the long-term and short-term investment goals of investors and other market factors. In terms of specific operation, NTAM relies on solid investment and research ability to flexibly adjust its position and avoid the price fluctuation of its subject matter caused by risk events. NTAM also uses "License + talent" to maintain core competitiveness. With its Type 4 (Securities Advisory) and Type 9 (Asset Management) licenses issued by the Hong Kong Securities and Futures Commission, NTAM continues to take the advantages of such licenses to optimize its business structure, expand the business scale, actively expand business opportunities in different regions, continue to recruit outstanding talents in the industry, and introduce incentive measures for the senior management, so as to maintain the development vitality of the company, continuously strengthening the core competitiveness. NTAM runs its risk management system throughout its core business operations and continuously evaluates the potential risks that may cause impact in the daily operation of its business segment, including evaluating the effectiveness of existing internal control measures, whether they are sufficient to deal with potential risks and whether they need to be supplemented. The relevant review results are entered in time to analyze the potential strategic impact, so that the internal control measures can be more effective and timely, and ensure the steady operation of the company while developing rapidly.

FTFT International Securities and Futures Ltd. ("FTFT Securities"), founded in 2010, is a HKSFCA approved and licensed corporation (Central Number: ATR(516)) and holds type 1, type 2 and type 4 activities licenses. FTFT Securities is also a Hong Kong stock exchange participant and strictly follows the securities and futures regulations to provide customers with safe and reliable securities trading services.

FTFT Securities is committed to build a financial services platform that is in line with the customers' business philosophy, and to provide customers with safe, efficient, convenient investment experience. Along with NTAM, it relies FTFT's diversified business system, to provide customers with asset management, wealth management, securities brokerage and investment banking services, with a full range and one-stop financial services and solutions.

At present, the main business of the FTFT Securities is: Hong Kong stock brokerage business, equity capital market business (ECM) and debt capital market business (DCM). In the future, the company will combine its own business advantages with the group, deeply cultivate overseas market, and provide more comprehensive and cutting-edge financial services for global customers.

### **FTFT Finance**

According to the Office for National Statistics, the UK economy grew by 0.1% for the year of 2023, and GDP per capita fell by 0.6% for the year of 2023, and the slow-down of UK economy directly cause the decline in the amount and frequency of remittance business which also negatively impacted our business. Also, the exchange rate fluctuation in 2023 is relatively large, which significantly reduced our income.

### **Government Regulations**

#### *Regulations on Cybersecurity Review*

On December 28, 2021, Cybersecurity Review Measures was published by Cyberspace Administration of China or the CAC, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, State Administration of Radio and Television, China Securities Regulatory Commission, State Secrecy Administration and State Cryptography Administration, effective on February 15, 2022, which provides that, Critical Information Infrastructure Operators ("CIIOs") that purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, CAC published the Administration Measures for Cyber Data Security (Draft for Public Comments), or the "Cyber Data Security Measure (Draft)", which requires cyberspace operators with personal information of more than 1 million users who want to list abroad to file a cybersecurity review with the Office of Cybersecurity

*Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises*

On February 17, 2023, the CSRC released New Overseas Listing Rules with five interpretive guidelines, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with CSRC and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. According to the Notice on Arrangements for Overseas Securities Offering and Listing by Domestic Enterprises, published by the CSRC on February 17, 2023, a company that (i) has already completed overseas listing or (ii) has already obtained the approval for the offering or listing from overseas securities regulators or exchanges but has not completed such offering or listing before effective date of the new rules and also completes the offering or listing before September 30, 2023 are considered as an existing listed company and is not required to make any filing until it conducts a new offering in the future. Furthermore, upon the occurrence of any of the material events specified below after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report thereof to the CSRC within 3 business days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other competent authorities; (iii) change of listing status or transfer of listing segment; or (iv) voluntary or mandatory delisting. The New Overseas Listing Rules stipulate the legal consequences to the companies for breaches, including failure to fulfill filing obligations or filing documents having false statement or misleading information or material omissions, which may result in a fine ranging from RMB1 million to RMB10 million, and in cases of severe violations, the relevant responsible persons may also be barred from entering the securities market.

*Regulations Relating to Pledged Assets and Rights in PRC*

On January 1, 2021, the Civil Code of China took effective which replaced the Guarantee Law, Contract Law, Property Law and General Provisions of Civil Law. The credit control measures used in supply chain finance business mostly are subject to the relevant provisions of the Civil Code. Article 681 of the Civil Code stipulates that a guarantee contract is a contract to ensure the realization of creditor's rights. The guarantor and the creditor may agree when the debtor fails to pay its due debts or the event agreed by the parties occur, the guarantor shall pay the debts or bear responsibility. Article 696 of the Civil Code stipulates that if the creditor transfers all or part of the creditor's rights without notifying the guarantor, the transfer shall have no effect on the guarantor. The guarantor and the creditor may agree to prohibit the transfer of creditor's rights. Also, if the collateral lien is not registered, it cannot be used against a bona fide third party. A bona fide third party means a buyer who has paid a reasonable price and obtained the property in normal business activities. In supply chain finance business, the bulk goods are usually used as collaterals for the financing and the pledge must be registered in order to be used against the claim from a bona fide buyer. Certain accounts receivable may be pledged pursuant to the Civil Code. Article 440 of the Civil Code stipulates that the debtor or a third party that has the disposal rights to the assets may pledge such assets, including bills of exchange, promissory notes and cheques, bonds and certificates of deposit, warehouse receipt and bill of lading, etc. The Decision On Implementation of Unified Registration of Tangible Assets and Rights Guarantees by the State Council became effective on January 1, 2021. The types of tangible assets and right guarantees covered by the unified registration include production equipment, raw materials, semi-finished products and products, accounts receivable, deposit certificate, warehouse receipt and bill of lading, finance lease and factoring, etc. The tangible assets and rights guarantee covered by the unified registration shall be registered by the parties through the unified registration and publicity system of tangible assets financing under the credit investigation center of the People's Bank of China, and parties shall be responsible for the authenticity, integrity and legitimacy of the registered contents. The registration authority does not conduct substantive examination of the registered contents.

**Regulations Relating to Asset Management and Securities Services in Hong Kong.**

The Securities and Futures Ordinance (Cap. 571) of Hong Kong, or the HKSF, including its subsidiary legislation, is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities and futures markets and leveraged foreign exchange trading, the offering of investments to the public in Hong Kong, and intermediaries and their conduct of regulated activities. In particular, Part V of the HKSF and the relevant guidelines and codes issued by the HKSF deal with licensing and registration matter.

The HKSF is administered by the HKSC, which is the statutory regulatory body that governs the securities and futures markets and non-bank retail leveraged foreign exchange market in Hong Kong.

The HKSC is an independent statutory body which administers the HKSF and is responsible for regulating the securities and the futures industry in Hong Kong, including Brokers, investment advisers, fund managers, and intermediaries carrying out the regulated activities as listed in "—Licensing Regime Under the HKSF—Types of Regulated Activities" below. The HKSC works to strengthen and protect the integrity and soundness of Hong Kong's securities and futures markets for the benefit of investors and the industry.

**Licensing Regime Under the HKSF**

The functions of the HKSC, as a gatekeeper of standards for individuals and corporations seeking approval to enter into the securities and futures markets of Hong Kong, include the following:

- grant licenses to those who are appropriately qualified and can demonstrate their fitness and properness to be licensed under the HKSF;
- maintain online a public register of licensed persons and registered corporations;
- monitor the ongoing compliance of licensing requirements by licensees, substantial shareholders of licensed corporations, and directors of licensed corporations; and
- initiate policies on licensing issues.

The HKSC operates a system of authorizing corporations and individuals (through licenses) to act as financial intermediaries. Under the HKSF, a corporation that is not an authorized financial institution (as defined in section 2(1) of the Banking Ordinance (Cap. 155) of Hong Kong) and is:

- carrying on a business in a regulated activity (or holding out as carrying on a regulated activity), or
- actively marketing, whether in Hong Kong or from a place outside Hong Kong, to the public such services it provides, would constitute a regulatory activity if provided in Hong Kong,

must be licensed by the HKSF to carry out that regulatory activity, unless one of the exemptions under the HKSF applies.

In addition to the licensing requirements on corporations, any individual who: (i) performs any regulated function in relation to a regulated activity carried on as a business, or (ii) holds himself out as performing such regulated activity, must be licensed separately under the HKSF as a Licensed Representative accredited to his principal.

#### **Types of Regulated Activities Under the HKSF**

The HKSF provides a licensing regime under which a person needs a license to carry on different types of regulated activities as specified in Schedule 5 of the HKSF. The different types of regulated activities are set out as follows:

- Type 1: dealing in securities;
- Type 2: dealing in futures contracts;
- Type 3: leveraged foreign exchange trading;
- Type 4: advising on securities;
- Type 5: advising on futures contracts;
- Type 6: advising on corporate finance;
- Type 7: providing automated trading services;
- Type 8: securities margin financing;
- Type 9: asset management;
- Type 10: providing credit rating services;
- Type 11: Dealing in OTC derivative products or advising on OTC derivative products; and
- Type 12: Providing client clearing services for OTC derivative transactions.

The Type 12 regulated activity came into operation on September 1, 2016 pursuant to the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016), in so far as it relates to paragraph (c) of the new definition of "excluded services" in Part 2 of Schedule 5 to the HKSF. The licensing requirement with respect to Type 12 regulated activity is, as of the date of this annual report, not yet in operation and the effective date will be appointed by the Hong Kong Secretary for Financial Services and the Treasury by notice published in the Gazette.

As of the date of this annual report, our subsidiary NTAM and FTFT Securities are licensed under the HKSF to conduct the following regulated activities:

| <b>Company</b>                                                     | <b>Type of Regulated Activities</b> |
|--------------------------------------------------------------------|-------------------------------------|
| Nice Talent Asset Management Limited ("NTAM") <sup>(1)</sup>       | Type 4 and Type 9                   |
| FTFT International Securities and Futures Ltd. ("FTFT Securities") | Type 1, Type 2 and Type 4           |

Notes:

(1) The following conditions are currently imposed on the HKSF license of NTAM:

- The licensee shall only provide services to professional investors. The term "professional investor" is as defined in the HKSF and its subsidiary legislation.
- The licensee shall not hold client assets. The terms "hold" and "client assets" are as defined under the HKSF.

#### **Licensed Corporation**

For application as a licensed corporation, the applicant has to be incorporated in Hong Kong or an overseas company registered with the Companies Registry of Hong Kong. The licensed corporation has to satisfy the HKSF that it has proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that it will encounter in carrying on the proposed regulated activities as detailed in its business plan submitted to the HKSF. Detailed guidelines to meet the requirements and expectations of the HKSF are contained in the following publications of the HKSF:

- "Guidelines on Competence";
- "the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission," or the Code of Conduct;
- "the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the HKSF";
- "Corporate Finance Adviser Code of Conduct"; and
- "Fund Manager Code of Conduct."

#### **Responsible Officers**

For each regulated activity conducted by a licensed corporation, it must appoint no less than two responsible officers, at least one of them must be an executive director, to directly supervise the business of such regulated activity. A responsible officer is an individual approved by the HKSF to supervise the regulated activity or activities of the licensed corporation to which he or she is accredited. For each regulated activity of a licensed corporation, it

should have at least one responsible officer available at all times to supervise the business.

#### *Qualification and Experience Required for Being a Responsible Officer*

A person who intends to apply to be a responsible officer must demonstrate that he or she fulfills the requirements on both competence and sufficient authority. An applicant should possess appropriate ability, skills, knowledge, and experience to properly manage and supervise the corporation's regulated activity or activities. Accordingly, the applicant has to fulfill certain requirements on academic and industry qualifications, relevant industry experience, management experience, and local regulatory framework paper as stipulated by the HKSF.

#### *Managers-in-Charge of Core Functions, or MICs*

A licensed corporation is required to designate certain individuals as MICs and provide to the HKSF information about its MICs and their reporting lines. MICs are individuals appointed by a licensed corporation to be principally responsible, either alone or with others, for managing each of the following eight core functions of the licensed corporation:

- (a) overall management oversight;
- (b) key business lines;
- (c) operational control and review;
- (d) risk management;
- (e) finance and accounting;
- (f) information technology;
- (g) compliance; and
- (h) anti-money laundering and counter-terrorist financing.

The management structure of a licensed corporation (including its appointment of MICs) should be approved by the board of the licensed corporation. The board should ensure that each of the licensed corporation's MICs has acknowledged his or her appointment as MIC and the particular core function(s) for which he or she is principally responsible.

#### *Fit and Proper Requirement*

Persons who apply for licenses under the HKSF must satisfy and continue to satisfy after the grant of such licenses by the HKSF that they are fit and proper persons to be so licensed. Generally, a fit and proper person means one who is financially sound, competent, honest, reputable, and reliable.

Section 129(1) of the HKSF sets out a number of matters that the HKSF shall have regard to in assessing the fitness and properness of a person, an individual, corporation, or institution, which includes:

- financial status or solvency;
- educational or other qualifications or experience having regard to the nature of the functions to be performed;
- ability to carry on the regulated activity concerned competently, honestly, and fairly; and
- reputation, character, reliability, and financial integrity of the applicant and other relevant persons as appropriate.

The above fit and proper criteria serve as the fundamental basis when the HKSF considers each license or registration application. Detailed guidelines are contained in "the Fit and Proper Guidelines," "the Licensing Information Booklet," and "the Guidelines on Competence" published by the HKSF.

The Fit and Proper Guidelines apply to a number of persons including the following:

- an individual who applies for license or is licensed under Part V of the HKSF;
- a licensed representative who applies for approval or is approved as a responsible officer under Part V of the HKSF;
- a corporation which applies for license or is licensed under Part V of the HKSF;
- an authorized financial institution which applies for registration or is registered under Part V of the HKSF;
- an individual whose name is to be or is entered in the register maintained by the Hong Kong Monetary Authority under section 20 of the Banking Ordinance (Cap. 155) of Hong Kong; and
- an individual who applies to be or has been given consent to act as an executive director of a registered institution under section 71C of the Banking Ordinance (Cap. 155 of Hong Kong).

Section 129(2) of the HKSF empowers the HKSF to take into consideration any of the following in considering whether a person is fit and proper:

- decisions made by such relevant authorities as stated in section 129(2)(a) of the HKSF or any other authority or regulatory organization, whether in Hong Kong or elsewhere, in respect of that person;
- in the case of a corporation, any information relating to:

- any other corporation within the group of companies; or
- any substantial shareholder or officer of the corporation or of any of its group companies;
- in the case of a corporation licensed under section 116 or 117 of the HKSF or registered under section 119 of the HKSF or an application for such license or registration:
  - any information relating to any other person who will be acting for or on its behalf in relation to the regulated activity; and
  - whether the person has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements under any of the relevant provisions;
- in the case of a corporation licensed under section 116 or section 117 of the HKSF or an application for the license, any information relating to any person who is or to be employed by, or associated with, the person for the purposes of the regulated activity; and
- the state of affairs of any other business which the person carries on or proposes to carry on.

The HKSF is obliged to refuse an application to be licensed if the applicant fails to satisfy the HKSF that the applicant is a fit and proper person to be licensed. The onus is on the applicant to make out a case that the applicant is fit and proper to be licensed for the regulated activity.

#### *Continuing Obligations of Licensed Corporations*

Licensed corporations, licensed representatives, and responsible officers must remain fit and proper as defined under the HKSF at all times. They are required to comply with all applicable provisions of the HKSF and its subsidiary rules and regulations as well as the codes and guidelines issued by the HKSF.

Outlined below are some of the key continuing obligations of the licensed corporations within the Group under the HKSF:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the HKSF in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (as discussed in more detail below);
- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong);
- maintenance of segregated account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong);
- maintenance of proper records in accordance with the requirements prescribed under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong);
- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong);
- payment of annual fees and submission of annual returns to the HKSF within one month after each anniversary date of the license; and
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification, and reporting of suspicious transactions and staff screening, education, and training in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the HKSF;

#### *Obligation for substantial shareholders*

A person shall, in relation to a corporation, be regarded as a substantial shareholder of the corporation if he, either alone or with any of his associates—

- (a) has an interest in shares in the corporation—
  - (i) the aggregate number of which shares is equal to more than 10% of the total number of issued shares of the corporation; or
  - (ii) which entitles the person, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or
- (b) holds shares in any other corporation which entitles him, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation.

A person shall be regarded as being entitled to exercise or control the exercise of 35% or more of the voting power at general meetings of a corporation indirectly if he, either alone or with any of his associates, has an interest in shares in a further corporation which entitles him, either alone or with any of his associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the further corporation which is itself entitled, either alone or with any of its associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the first-mentioned corporation.

Under section 132 of the HKSF, a person (including a corporation) has to apply for HKSF's approval prior to becoming or continuing to be, as the case may be, a substantial shareholder of a corporation licensed under section 116 of the HKSF. A person who has become aware that he has become a substantial shareholder of a licensed corporation without HKSF's prior approval should, as soon as reasonably practicable and in any event within three business days after he becomes so aware, apply to the HKSF for approval to continue to be a substantial shareholder of the licensed corporation.

An application to the HKSF regarding the change of the substantial shareholder of NTAM to Future FinTech (Hong Kong) Limited was approved by the HKSF on June 17, 2021.

HKSF supervises licensed corporations and intermediaries operating in the market. HKSF conducts on-site inspections and off-site monitoring to ascertain and supervise intermediaries' business conduct and compliance with relevant regulatory requirements and to assess and monitor the financial soundness of intermediaries.

#### *Disciplinary Power of the HKSF*

Under Part IX of the HKSF and subject to the due process for exercising disciplinary powers laid down in section 198 of the HKSF, the HKSF may exercise any of the following disciplinary actions against a regulated person (including a licensed person or a registered institution) if that person is found to be guilty of misconduct or the HKSF is of the opinion that a regulated person is not fit and proper to be or remain the same type of regulated person (sections 194 and 196 of the HKSF).

- revocation or suspension of a license or a registration;
- revocation or suspension of part of a license or registration in relation to any of the regulated activities for which a regulated person is licensed or registered;
- revocation or suspension of the approval granted to a responsible officer;
- public or private reprimand on a regulated person;
- prohibition of a regulated person from applying to be licensed or registered or to be approved as a responsible officer;
- prohibition of a regulated person from applying to be given consent to act or continue to act as an executive officer of a registered institution;
- prohibition of a regulated person from re-entry to be licensed or registered; and
- pecuniary penalty of not exceeding the amount of HK\$10 million or three times the amount of the profit gained or loss avoided as a result of the misconduct.

#### **Regulations Relating to Money Transfer in UK.**

The Financial Conduct Authority (FCA) - The FCA is the main regulator for money transfer business in the UK. It is responsible for authorizing and supervising money transfer business that provide payment services, including money transfer services. The FCA sets out the regulatory requirements for money transfer business in the Payment Services Regulations 2017 (PSR 2017) and the Electronic Money Regulations 2011 (EMR).

Her Majesty's Revenue and Customs (HMRC) - HMRC is responsible for supervising money transfer business that are not authorized by the FCA but are required to register with HMRC for anti-money laundering purposes. HMRC sets out the regulatory requirements for money transfer business in the Money Laundering Regulations 2017 (MLR 2017).

While the FCA and HMRC are the main regulators for money transfer business in the UK, there may be other regulators that money transfer business needs to comply with depending on their specific activities. For example, if a money transfer business also provides currency exchange services, it may be subject to additional regulations from the Financial Conduct Authority or HM Revenue & Customs.

Hong Kong Regulations Relating to Securities and Futures Brokerage Providers FTFT Securities is a licensed corporation of the Securities and Futures Commission of Hong Kong ("SFC") holding Type 1 ("Dealing in Securities"), Type 2 ("Dealing in Futures Contracts"), Type 4 ("Advising on Securities") licenses. The Securities and Futures Ordinance ("SFO"), including its subsidiary legislation, is the principal legislation regulating the securities and futures industry in Hong Kong. In particular, Part V of the SFO deals with licensing and registration matters. The SFO is administered by SFC which is an independent statutory body in Hong Kong set up to regulate the securities and futures markets and the non-bank leveraged foreign exchange market in Hong Kong.

In addition, the Companies (Winding Up and Miscellaneous Provisions) Ordinance including its subsidiary legislation provides that SFC is responsible for authorizing the registration of prospectuses for offerings of shares and debentures in Hong Kong and/or granting exemptions from strict compliance with the provisions in the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFO provides that SFC is also responsible for authorizing certain securities (including the relevant offering documents) that are not shares or debentures.

The Hong Kong securities and futures industry (with respect to listed instruments) is also governed by the rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Hong Kong Futures Exchange (jointly as "HKEX").

#### **Intellectual Property Regulations in China**

##### Domain Name

The MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017. The MIIT is the major regulatory body responsible for the administration of PRC internet domain names, under supervision of which the China Internet Network Information Center, or CNNIC, is responsible for the daily administration of ".cn" domain names and Chinese domain names. CNNIC adopts a "first-to-file" principle with respect to the registration of domain names. Applicants for registration of domain names must provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

##### Trademark

The Trademark Law of the PRC promulgated in August 2013 which took effect in May 2014 (the "Trademark Law"), and revised in 2019, and its implementation rules protect registered trademarks. The Trademark Office of National Intellectual Property Administration, PRC, formerly the PRC Trademark Office of the State Administration of Market Regulation is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where registration is sought for a trademark that is

identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, such application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

### Copyright

In accordance with the Copyright Law of the PRC promulgated by the SCNPC on September 7, 1990, amended on February 26, 2010 and November 11, 2020, Chinese citizens, legal persons or other entities own the copyright in their works whether published or not, including written works, oral works, music, comedy, arts of talking and singing, dance and acrobatics, work of art and architecture work, photographic works, cinematographic work and work created by the method similar to the film production method; engineering design drawing, product design drawing, map, sketch and other graphic works and model works, computer software and other works specified by laws and administrative regulations. The rights a copyright owner has include but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of network communication, translation right and right of compilation.

In accordance with the Regulations on the Protection of Computer Software promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, Chinese citizens, legal persons or other entities own the copyright, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights software copyright owners shall have in software developed by them, regardless of whether it has been published.

In accordance with the Measures for the Registration of Computer Software Copyright promulgated by the National Copyright Administration on April 6, 1992 and last amended on February 20, 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

### **Intellectual Property**

The Company currently has 36 registered Internet Domain names, including hedejiachuan.com, intervalue.vip, intervalue.net.cn, intervalue.com.cn, intervalue.cc, intervalue.ltd, intervalue.top, ftex.ltd, ftex.net.cn, ftex.vip, ftex.top, ftex.cc, dcon.top, dconpay.com, dconio.com, digipay.ink, digipay.vip, globalkey.vip, globalkey.shop, globalkey.store, digipay.net.cn, digipay.ltd, globalkey.net.cn, globalkey.cc, globalkey.top, fftt.top, ffttex.com, fftt.com, ffttbank.com, mfftftpay.com, inuteam.com,ffttx.com,fftfcapital.com,fftforbit.com,fftfdigitalcapital.com, alpahkint.com. All these Domain names are owned by the subsidiaries of the Company.

The Company owns copyrights for the software for its blockchain based e-commerce platform application, including: (i) a blockchain credit points discount settlement system; (ii) a blockchain credit points circulation monitoring system; (iii) a legal currency and credit points synchronization settlement system; (iv) a blockchain credit points flow system; (v) an agent automatic profit distribution system (vi) an agent automatic tax deduction and accounting system; (vii) a manufacturer automatic accounting system; (viii) an e-commerce and blockchain anti-counterfeiting linkage system; (ix) a blockchain discount and promotion automatic balance system; (x) a blockchain real-name authentication and legal responsibility system. FTFT UK Limited owns the software for its financial app and FTFT Capital Investments L.L.C. owns the software for its marketing data platform FTFTX.

We believe that our continued success and competitive status depend largely on our proprietary technology and ability to innovate. We have taken measures to protect the confidentiality of our proprietary technologies and intellectual property. We rely on a combination of know-how, copyrights for our software and trade secret laws, as well as confidentiality agreements to protect our proprietary rights. We will take the necessary action to seek remuneration if we believe our intellectual property rights have been infringed upon.

### **Human Capital Resources**

We understand that our success depends on our ability to attract, train and retain our employees. We strive to attract, recruit, and retain employees through competitive compensation and benefit programs, learning and development opportunities that support career growth and advancement opportunities, and employee engagement initiatives that foster a strong Company culture. In addition to cash compensation, we offer customary benefits in accordance with local regulatory requirements as well as performance-based stock awards to our employees. We also recognize the importance of keeping our employees safe. In response to the COVID-19 pandemic, we implemented changes that we determined were in the best interest of our employees and have followed local government orders to prevent the spread of COVID-19.

### **Employees**

As of December 31, 2023, we had 66 full-time employees and 3 part-time employees, among which 25 are located in the PRC, 32 are located in Hong Kong, 2 are located in the United States, 7 are located in United Kingdom and 2 are located in Dubai and 1 is located in Paraguay. None of our employees are covered by a collective bargaining agreement as of the date of this Report. We consider our relationships with our employees to be good.

### **ITEM 1A – RISK FACTORS**

*Our business and an investment in our securities are subject to a variety of risks. The following risk factors describe the most significant events, facts or circumstances that could have a material adverse effect upon our business, financial condition, results of operations, ability to implement our business plan and the market price for our securities. Additional risks and uncertainties that presently are not considered material or are not known to us, and therefore are not mentioned herein, may impair our business operations. Many of these events are outside of our control. If any of these risks actually occurs, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.*

### **Risks Related to Our Business**

***An occurrence of an uncontrollable event such as the COVID-19 pandemic may negatively affect our operations and financial results.***

In recent years, there have been outbreaks of epidemics in various countries. At the end of 2019, there was an outbreak of a novel strain of coronavirus (COVID-19), which has been spread rapidly to many parts of the world, including China, Hong Kong, UK and the U.S. In March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic resulted in, among other things, quarantines, travel restrictions, and the temporary closure of office buildings and facilities in China, Hong Kong, UK and in the U.S.

A large part of our revenues are generated in China and Hong Kong. Consequently, our results of operations was adversely affected during the outbreak, especially between 2020 and 2022. There have been outbreaks of Omicron variant in various cities in China in 2022 which resulted quarantines, travel

restrictions, and temporary closure of office buildings and facilities in these cities. In December 2022, the Chinese government eased its strict zero COVID-19 policy which resulted in a surge of new COVID-19 cases during December 2022 and January 2023, which has disrupted our business operations in China.

A widespread pandemic could result in significant disruption of global financial markets, reducing our ability to access capital, which could negatively affect our liquidity. In addition, a recession or market correction resulting pandemic could materially negatively affect our business and the value of our common stock.

In general, our business could be adversely affected by the epidemics, including, but not limited to, COVID-19, avian influenza, severe acute respiratory syndrome (SARS), the influenza A virus, the Ebola virus, or other outbreaks. In response to an epidemic or other outbreaks, governments and other organizations may adopt regulations and policies that could lead to severe disruption to our daily operations, including temporary closure of our offices and other facilities. These severe conditions may cause us and/or our partners to make internal adjustments, including but not limited to, temporarily closing down business, limiting business hours, and setting restrictions on travel and/or visits with clients and partners for a prolonged period of time. Various impacts arising from severe conditions may cause business disruption, resulting in material, adverse effects to our financial condition and results of operations.

***Economic conditions have had and may continue to have an adverse effect on our customers' spending on our products and services.***

The worldwide economy remains volatile and may have entered in global recession. The adverse effect of a sustained international economic downturn, including sustained periods of decreased spending, high unemployment levels, declining consumer or business confidence and continued volatility and disruption in the credit and capital markets in China, would likely result in reduced demand for our products and services. To the extent an economic downturn develops, we could experience a reduction in sales volume. If we are unable to reduce our operating costs and expenses proportionately, many of which are fixed, our results of operations would be adversely affected.

***The supply chain financing service industry is an emerging and rapidly evolving industry in China and we might not achieve the development as we expected.***

The supply chain financing service industry in China is highly dynamic and rapidly evolving. Operating in this industry demands applying cutting-edge technologies to digitalize supply chain financing workflows and optimize payment cycles, which is an emerging and relatively new business model in China. In addition, we are facing uncertainties relating to the intensifying competition and evolving regulatory environment in China's supply chain financing service industry. There have been limited proven methods to project available technology, regulatory and industry standards on which we can rely, and the delay, unexpected or adverse developments in this sector may adversely and materially affect our operational and financial performances. As market develops, regulatory environment and our business continue to develop, we may need to adjust our business model and continue to upgrade our products and service offerings, and if we fail to adapt to these developments promptly, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***The supply chain financing service industry is increasingly competitive in China. If we fail to compete effectively, we may lose our customers and partners, which could materially and adversely affect our business, financial condition and results of operations.***

The supply chain financing service industry in the PRC is increasingly competitive, and there is no guarantee that we will be able to compete effectively and implement our business strategies. We face intense competition primarily from third-party supply chain financing service providers. Some of these competitors may have established strong brand recognition, robust technological capabilities and significant financial resources or offer comparable technology solutions or own similar business scale to us. Intensifying competition may result in certain developments in this industry, such as downward competitive pressure on price, expansion by existing competitors, adoption by our competitors of innovative technology solutions or comparatively effective branding efforts, any of which may have a material adverse impact on our financial condition, results of operations and growth prospects. Increased investments made and lower prices or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may place a greater pressure on us to maintain our market share and negatively impact the revenues growth and profitability of our business. Furthermore, our business is subject to rapid changes in the industries we operate in, such as the introduction of new business models, and the entry of new and well-funded competitors or industry disruptors. We may face even more intensified competition as a result of certain alliances, acquisitions or consolidations within the industries where we operate that result in emergence of stronger competitors. Existing and new competitors may leverage their established platforms or market positions, or introduce innovative business models, to launch products or services that may attract a large customer base and achieve rapid growth, which may materially and adversely affect our business and results of operations. If we are not able to compete effectively, the number of our customers and partners may decrease and our market share and profitability may be negatively affected, which could materially and adversely affect our business, financial condition, results of operations and prospects, as well as our reputation and brand.

***Our supply chain finance business faces risks in receivables, timely supplies, credit evaluation and commodity price fluctuations all of which could materially and adversely affect our business, financial condition and results of operations.***

Our supply chain finance business faces various risk in its operation, including (i) risk of failure to collect our receivables in time after the delivery of commodities; (ii) risk of unable to supply/deliver the commodity according to the contract requirements such as issues of quality and/or quantity of goods. If we fail to control such risk and strictly implement our new supplier and client evaluation standards as well as the background investigation for our risk control, we might not receive payment for the goods delivered or lose control of the title of the goods or breach contracts to supply goods according to their terms, which will materially and adversely affect our business, financial condition and results of operations. Also, if the market for commodities fluctuates sharply, our downstream customers might default on their purchase obligation and cause losses to us.

***The asset management services that NTAM provides involve various risks, and failure to identify or fully appreciate such risks will negatively affect our reputation, client relationships, operations and prospects.***

NTAM provides asset and wealth management service to clients. Neither the principal nor the return of the asset management products that NTAM has provided its services on is guaranteed by NTAM. As such, NTAM generally does not bear any liabilities for any loss to capital invested in the products. However, despite related risk warnings and disclaimers, the investors may attempt to hold NTAM responsible for their losses and terminate their business with us, which could harm our reputation and result in reduced business. In addition, although NTAM has implemented transparent disclosure policies, such policies and procedures may not be fully effective. If NTAM or its customer service personnel are found to have engaged in misconduct or negligent in providing their services, NTAM may be held responsible when the investors incur losses, and our reputation, client relationships, business and prospects will be materially and adversely affected.

***Our operations of NTAM depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them.***

The success of our business is dependent, to a large extent, on the continued services of NTAM's senior management, especially Mr. Siu Kei Chan, the Chief Executive Officer of NTAM. If NTAM loses the service of Mr. Chan, it needs to promptly hire an experienced professional from the market, otherwise it may not be able to execute its existing business strategy effectively, or we may have to change our current business direction. Such disruptions to our business may take up significant energy and resources of the Company, and materially and adversely affect our future prospects.

Moreover, NTAM daily operations depend on the members of its mid-level management, experienced investment and trading managers, licensed representatives, risk management officers, research analysts and IT specialists. We devote considerable resources to the recruiting and retaining these personnel. However, the market for quality professionals is increasingly competitive. We expect to face significant competition from other assets management firms and technology companies in hiring such personnel. The intense competition may require us to offer more competitive compensation and other benefits to our talent, which could materially and adversely affect our financial condition and results of operations. As a result, it may be difficult for us to continue to retain and motivate these employees, and this could affect their decisions about whether or not they continue to work for us. If we do not succeed in attracting, hiring, and integrating excellent personnel, or retaining and motivating existing personnel, NTAM may be unable to grow effectively.

***Our risk management and internal control systems of NTAM, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.***

Currently, NTAM follows its comprehensive internal risk management framework and procedures to manage its risks, including but not limited to, reputational risk, legal risk, regulatory and compliance risk, operational risk, market risk, liquidity risk, and credit risk. However, its risk management policies, procedures and internal controls may not be adequate or effective in mitigating the risks or protecting it against unidentified or unanticipated risks. In particular, some methods of managing risks are based upon observed historical market behavior and experience in the securities industry. These methods may fail to predict future risk exposures, which could be significantly greater than those indicated by our historical measures. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date or properly evaluated. In addition, the capital markets in Hong Kong are rapidly developing, the information and experience that NTAM relies on for its risk management methods may become quickly outdated as capital markets and regulatory environment in Hong Kong continue to evolve. Deficiencies in the risk management and internal control systems and procedures may adversely affect our ability to identify or report our deficiencies or non-compliance. Any of these may have a material and adverse effect on our business, financial condition, and operating results.

***The operations of NTAM may be adversely affected if it fails to obtain or maintain necessary approvals for conducting a particular business.***

Due to the highly regulated nature of the financial industry in jurisdiction where NTAM operates, many aspects of its business depend on obtaining and maintaining approvals, licenses, permits or qualifications from relevant regulators in Hong Kong. Obtaining and maintaining such approvals, licenses, permits or qualifications is contingent on NTAM's compliance with regulatory requirements. Any failure to comply with regulatory requirements could limit the scope of businesses in which NTAM is permitted to engage. Furthermore, additional regulatory approvals, licenses, permits or qualifications may be required by relevant regulators in the future, and some of current approvals, licenses, permits or qualifications of NTAM are subject to periodic renewal. The failure to obtain or maintain the required approvals, licenses, permits or qualifications could adversely affect our results of operations and financial condition.

***The brokerage and investment banking service industry are intensely competitive in Hong Kong. If we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.***

The financial services industry, including the brokerage and investment banking services industry in Hong Kong, is intensely competitive, highly fragmented, and subject to rapid change, and we expect it to remain so. We compete mostly in Hong Kong, and on the basis of a number of factors, including the ability to adapt to evolving financial needs of a broad spectrum of clients, our ability to identify market demands and business opportunities to win client mandates, the quality of our advice, our employees and deal execution, the range and price of our products and services, our innovation, our reputation, and the strength of our relationships. We expect to continue to invest capital and resources in our businesses in order to grow and develop them to a size where they are able to compete effectively in their markets, have economies of scale, and are themselves able to produce or consolidate significant revenues and profit. We cannot assure you that the planned and anticipated growth of our brokerage and investment banking business will be achieved or in what timescale. There may be difficulties securing financing for investment for growth and in recruiting and retaining the skilled human resources required to compete effectively. If we fail to compete effectively against our competitors, our business, financial conditions, results of operations, and prospects will be materially and adversely affected.

As an provider of brokerage and investment banking business services for Hong Kong and Chinese investors on a global basis, our business generally requires us to react promptly to the evolving demand of our clients and be able to provide innovative financial solutions tailored to their needs. We may not be able to compete effectively with our competitors at all times and always be able to provide appropriate financial solutions that promptly and accurately address our clients' needs. If this were to happen, our ability to attract new or retain existing clients will suffer, which would materially and adversely affect our revenues and earnings.

We primarily compete with other providers of financial services to Asian investors. We may face pricing pressure as some of our competitors may seek to obtain higher market share by reducing fees and commissions. Some of our competitors include large global financial institutions or state-owned PRC financial institutions operating or headquartered in Hong Kong, many of which have longer operating histories, far broader financial and other resources, and significantly greater name recognition than us and have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services we do not provide, such as commercial lending, margin lending and other financial services and products, which puts us at a competitive disadvantage and could result in pricing pressures or lost opportunities, which in turn could materially and adversely affect our results of operations. In addition, we may be at a competitive disadvantage with regard to some of our competitors that have larger customer bases and greater human resources.

***We may engage in future acquisitions involving significant expenditures of cash, the incurrence of debt or the issuance of stock, all of which could have a materially adverse effect on our operating results.***

As part of our business strategy, we review acquisition and strategic investment prospects that we believe would complement our current product and service offerings, augment our market coverage, enhance our technological capabilities or otherwise offer growth opportunities. From time to time, we

review investments in new business and we expect to make investments in, and to acquire, business, products or technologies in the future. We have completed acquisitions of a money transfer company in UK and brokerage and investment banking firm in Hong Kong in 2023. In the event of any future acquisitions, we may expend significant costs and cash, incur substantial debt and/or issue equity securities and dilute the percentage ownership of current shareholders, all of which could have a material adverse effect on our operating results and the price of our stock. We cannot guarantee that we will be able to successfully integrate any business, products, technologies or personnel that we may acquire in the future, and our failure to do so could have a material adverse effect on our business, operating results and financial condition.

***We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.***

Our success depends, in part, on our ability to protect our proprietary technologies. The process of seeking intellectual property protection can be lengthy and expensive and we cannot guarantee that our existing or future intellectual property rights will be fully protected or bring us the commercial advantages. We also cannot guarantee that our current or potential competitors do not have, and will not obtain, intellectual property rights that will prevent, limit or interfere with our ability to use our technology or sell our products and services in the PRC or other countries.

The implementation and enforcement of PRC intellectual property laws historically have not been vigorous or consistent. Accordingly, intellectual property rights and confidentiality protections in the PRC are not as effective as those in the United States and other countries. We may need to resort to litigation to enforce or defend our rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation will require significant expenditures of cash and management efforts and could harm our business, financial condition and results of operations. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, competitive position, business prospects and reputation.

***The blockchain and digital assets related products and services that we are developing have the potential to be used in ways we do not intend, including for criminal or other illegal activities.***

Blockchain-related products and services, in particular cryptocurrencies, have the potential to be used for financial crimes or other illegal activities. We are currently developing digital assets mining farms, there are uncertainties regarding any legal and regulatory requirements for preventing blockchain-related products and services from being put to such uses, and there are uncertainties regarding the liabilities and risks to the Company if we are unable to prevent such uses. Even if we comply with all laws and regulations regarding financial and blockchain and digital assets related products and services, we have no ability to ensure that our customers, partners or others to whom we license or sell our products and services comply with all laws and regulations applicable to them and their transactions.

Although we only provide hosting services to digital assets miners, the security measures employed by our projects are subject to further improvement and development. There is no guarantee that the security measures that we currently use or any that we may develop in the future will be effective.

Any negative publicity we receive regarding any allegations of unlawful uses of our services and mining farm could damage our reputation. More generally, any negative publicity regarding unlawful uses of blockchain technology in the marketplace could reduce the demand for our products and services. The occurrence of any of the foregoing could have a material adverse effect on our financial results and business.

***The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, and offerings of digital assets is uncertain, and new regulations or policies may materially adversely affect the development of our blockchain related business.***

Regulations of digital assets, cryptocurrencies, crypto mining, blockchain technologies, are currently undeveloped and likely to rapidly evolve as government agencies take greater interest in them. Regulations also vary significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the permissibility of tokens, crypto currencies and digital assets generally and the technology behind them or the means of transaction or in transferring them. Failure by our subsidiaries to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

***Intellectual property infringement claims may adversely impact our results of operations.***

As we develop and introduce new products and services, we may be increasingly subject to claims of infringement of another party's intellectual property. If a claim for infringement is brought against us, such claim may require us to modify our products or services, cease selling certain products or engage in litigation to determine the validity and scope of such claims. Any of these events may harm our business and results of operations.

***Our business depends on internet, our websites, apps, network infrastructure and processing systems.***

Our supply chain financing, money transfer, assets management and digital mining services depend upon the widespread use of the internet. Factors which could reduce the widespread use of the internet include, without limitation, actual or perceived lack of security of information or privacy protection, cyberattacks or other disruptions or damage to the internet or to users' computers, whatever the cause, could reduce customer satisfaction with our platforms and services and harm our business. Any system interruption that results in the unavailability of our websites, apps or reduced performance of our transaction and information systems could reduce our ability to conduct our business. We use internally and externally developed systems for our websites, apps and our transaction and information processing systems. We expect to experience system interruptions due to software failure. Capacity constraints can cause system disruptions, slower response times, delayed page presentation, degradation in levels of customer service and other problems. We may also experience difficulties with our infrastructure upgrades. Any future difficulties with our transaction and information processing systems or difficulties upgrading, expanding or integrating aspects of our systems may cause system disruptions, slower response times, and degradation in levels of customer service, additional expense, impaired quality and speed of our services or other problems.

If the location where all of our computer and communications hardware is located is compromised, our business, prospects, financial condition and results of operations could be harmed. If we suffer an interruption or degradation of services at the location for any reason, our business could be harmed. Our success, and in particular, our ability to successfully receive and fulfil customers' requests and provide high-quality customer service, largely depends on the efficient and uninterrupted operation of our computer and communications systems. These limitations could have an adverse effect on our business. Our disaster recovery plan may be inadequate, and we do not carry business interruption insurance to compensate us for the losses that could occur. Despite our implementation of network security measures, our servers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, the occurrence of any of which could lead to interruptions, delays, loss of critical data or the inability to accept and fulfil customer requests. The occurrence of any of the foregoing risks could harm our business.

***We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.***

Our supply chain financing, money transfer, assets management and digital mining services are dependent on the secure operation of our website and

systems as well as the operation of the internet generally. Our business involves the storage of customers' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation, and potential liability. A number of large internet companies have suffered security breaches, some of which have involved intentional ransomware attacks. From time to time, we and many other internet businesses also may be subject to a denial of service attacks wherein attackers attempt to block customers' access to our website with ransomware. If we are unable to avert a denial of service attack for any significant period, we could sustain substantial loss from payment of ransom fee, lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks.

Cyberattacks may target us, our customers, our suppliers, banks, payment processors, e-commerce in general or the communication infrastructure on which we depend. If an actual or perceived attack or breach of our security occurs, customer and/or supplier perception of the effectiveness of our security measures could be harmed and we could lose customers, vendors or both. Actual or anticipated attacks and risks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third party experts and consultants. A person who is able to circumvent our security measures might be able to misappropriate our or our customers' proprietary information, cause interruption in our operations, damage our computers or those of our customers, or otherwise damage our reputation and business. Any compromise of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, and a loss of confidence in our security measures, which could harm our business.

***Failure to comply with sanctions laws, anti-terrorist financing laws, anti-money laundering laws, and similar laws associated with our activities, and anti-corruption laws could subject us to penalties and other adverse consequences.***

We have implemented policies and procedures designed to allow us to comply with anti-money laundering laws and economic sanctions laws and prevent our money transfer platform from being used to facilitate business in countries or with persons or entities designated on lists promulgated by governments and equivalent international authorities or that are otherwise the target of sanctions. We may utilize the services of vendors, such as screening tools, in implementing such policies and procedures. In the event that we or any of our users engage in any conduct, intentionally or not, that facilitates money laundering, terrorist financing, or other illicit activity, or that violates anti-money laundering or sanctions laws, or otherwise constitutes activity that is prohibited by such laws, including through the fault of any vendor, we may be subject to fines, penalties, lawsuits, and enforcement actions; additional compliance requirements; increased regulatory scrutiny of our business; restriction of our operations; or damage to our reputation or brand.

Law enforcement and regulators continue to scrutinize compliance with these obligations, which may require us to further revise or expand our compliance program, including the procedures that we use to verify the identity of our customers or monitor our platform for potential illegal activity. In addition, any policies and procedures that we implement to comply with sanctions laws may not be effective, including in preventing customers from using our services for transactions with sanctioned persons or jurisdictions subject to comprehensive sanctions. Given the technical limitations in developing controls to prevent, among other things, the ability of customers to publish on our platform false or deliberately misleading information or to develop sanctions-evasion methods, it is possible that we may inadvertently and without our knowledge provide services to individuals or entities that have been designated by UK or Hong Kong government or other relevant sanctions authorities are located in a jurisdiction subject to comprehensive sanctions or an embargo by the UK, Hong Kong or other countries in which we operate or are licensed to do business, and such services may not be in compliance with applicable economic sanctions regulations.

Sanctions are imposed to address acute foreign policy and national security threats and may change rapidly and unpredictably in response to world events or domestic or international political developments. Additionally, as we expand our services into additional jurisdictions, we may become subject to additional sanctions requirements imposed by those jurisdictions or face increased risk of processing transactions in violation of sanctions requirements to which we are currently subject. We may be unable to update policies, procedures, or controls to timely and effectively address changes in applicable legal requirements or in our sanctions risk environment.

Consequences for failing to comply with applicable rules and regulations could include fines, criminal and civil lawsuits, forfeiture of significant assets, or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny. In addition, any perceived or actual breach of compliance by us, our customers, vendors, or our payment or disbursement partners with respect to applicable laws, rules, and regulations could have a significant impact on our reputation and could cause us to lose existing customers, prevent us from obtaining new customers, cause other payment or disbursement partners to terminate or not renew their agreements with us, require us to expend significant funds to remedy problems caused by violations and to avert further violations, adversely affect our relationship with our partner banks and other commercial counterparties and expose us to legal risk and potential liability, all of which may adversely affect our business, operating results, and financial condition.

***Use of our money transfer platform for illegal or fraudulent activities could harm our business, reputation, financial condition, and operating results.***

Our platform is susceptible to illegal, improper or fraudulent uses, including money laundering, terrorist financing, sanctions evasion, bank fraud, payments involving child pornography or human trafficking, and the facilitation of other illegal, improper or fraudulent activity. The digital financial services industry is under increasing scrutiny from federal, state, and international regulators in connection with the potential for such illegal, improper or fraudulent activities. In addition, our remittance service facilitates payments to jurisdictions which may in some cases have higher levels of illegal, improper payments. Our payment system has been utilized for illegal, improper and fraudulent uses in the past and we cannot guarantee that our policies, procedures and internal controls, or insurance, would adequately protect our business, maintain our continued ability to operate in the jurisdictions that we serve, or our reputation, especially if such illegal, improper or fraudulent activities were discovered to have taken place on our platform in the future. Our fraud loss expenses may increase if our fraud systems lose effectiveness or if new methods or schemes are developed to defraud us. Since the methods and schemes utilized by perpetrators of fraud are constantly evolving or, in some cases, not immediately detectable, we cannot assure you that our policies, procedures and controls for managing fraud will be effective over time or of our ability to update these measures to address emerging fraud risks. In addition, if illicit or fraudulent activity levels involving our services were to rise, it could lead to regulatory intervention and reputational and financial damage to us. This, in turn, could lead to government enforcement actions and investigations, a suspension or termination of our operating licenses, a reduction in the use and acceptance of our services, or an increase in our compliance costs, any of which may harm our business, financial condition, and operating results.

On the other hand, if the measures we have taken to detect illegal, improper or fraudulent activities are too restrictive and/or inadvertently prevent or delay proper transactions, this could result in suspension of legitimate customer activity on our payment system, deter new and existing customers or otherwise diminish our customer experience, any of which could harm our business.

***As a public company, we are obligated to maintain effective internal controls over financial reporting. Our internal controls may be determined not to be effective, which may adversely affect investor confidence in us and, as a result, decrease the value of our Common Stock.***

The PRC has not adopted management and financial reporting concepts and practices similar to those in the United States. We may have difficulty in hiring and retaining a sufficient number of qualified financial and accounting employees who are familiar with US GAAP and reporting requirements to work in the PRC. As a result of these factors, we may experience difficulty in establishing and maintaining accounting and financial controls, collecting financial data, budgeting, managing our funds and preparing financial statements, books of account and corporate records and instituting business practices that meet investors' expectations in the United States.

Rules adopted by the SEC, or the Commission, pursuant to Sarbanes-Oxley Section 404 require annual assessment of our internal controls over financial reporting. The standards that must be met for management to assess the internal controls over financial reporting as effective are relatively new and complex, and they require significant documentation, testing and possible remediation to meet the detailed standards. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting as we have done previously and this year, we will be unable to assert that our internal controls are effective. If we continue to be unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which could harm our business and cause the price of our stock to decline.

***We may need additional capital to fund our future operations and, if it is not available when needed, we may need to reduce our planned development and marketing efforts, which may reduce our sales revenue.***

We believe that our existing working capital and cash available from operations will enable us to meet our working capital requirements for at least the next twelve months. However, if cash from future operations is insufficient, or if cash is used for acquisitions or other currently unanticipated uses, we may need additional capital. The development and marketing of new products and services and the expansion of our business and associated support personnel require a significant commitment of resources. In addition, if the markets for our products and services develop more slowly than anticipated, or if we fail to establish significant market share and achieve sufficient net revenues, we may continue to consume significant amounts of capital. As a result, we could be required to raise additional capital. To the extent that we raise additional capital through the sale of equity or convertible debt securities or other methods, the issuance of such securities could result in dilution of the shares held by existing shareholders. If additional funds are raised through the issuance of debt securities, such securities may provide the holders certain rights, preferences, and privileges senior to those of common shareholders, and the terms of such debt could impose restrictions on our operations. We cannot guarantee that additional capital, if required, will be available on acceptable terms, or at all. If we are unable to obtain sufficient amounts of additional capital, we may be required to reduce the scope of our planned business development and marketing efforts, which could harm our business, financial condition and operating results.

***If our costs and demands upon management increase disproportionately to the growth of our business and revenue as a result of complying with the laws and regulations affecting public companies, our operating results could be harmed.***

As a public company, we do and will continue to incur significant legal, accounting, investor relations and other expenses, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with current corporate governance requirements, including requirements under Section 404 and other provisions of Sarbanes-Oxley, as well as rules implemented by the SEC and the stock exchange on which our common stock is traded. The expenses incurred by public companies for reporting and corporate governance purposes have increased dramatically over the past several years. These rules and regulations have increased our legal and financial compliance costs substantially and make some activities more time consuming and costly. If our costs and demands upon management increase disproportionately to the growth of our business and revenue, our operating results could be harmed.

***There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Any changes in estimates, judgments and assumptions could have a material adverse effect on our business, financial condition and operating results.***

The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities and related reserves, revenue, expenses and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the amounts of assets, liabilities, revenue, expenses and income. Any such changes could have a material adverse effect on our business, financial condition and operating results.

***We may be exposed to litigation related to the Sale Transaction on February 27, 2020 from the holders of our common stock.***

Transactions such as the Sale Transaction are often subject to lawsuits by stockholders. Particularly because the holders of our common stock will not receive any consideration from the Sale Transaction, it is possible that they may sue the Company or the Board of Directors. Such lawsuits could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

#### **Risks Related to Doing Business in the PRC**

***Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations.***

A substantial of the Company's operations are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, in addition to the general state of the PRC economy. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, cybersecurity, anti-monopoly, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things, and such change of rules and policies can happen quickly with little advance notice.

A substantial of the Company's sales, purchases and expense transactions are in RMB. The RMB is not freely convertible into foreign currencies under the current law. In China, foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China, the central bank of China. Remittances in currencies other than RMB may require certain supporting documentation in order to affect the remittance.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures

emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over blockchain related financial technology, capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including more regulations on U.S. listed Chinese companies and control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, China's economic growth has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

Furthermore, we and our China based operating entities, as well as our investors, face uncertainty about future actions by the Chinese government that could significantly affect our financial performance and operations. Failure to take timely and appropriate measures to adapt to any of these or similar regulatory compliance challenges could materially and adversely affect our business operations.

***If we become subject to additional scrutiny, criticism and negative publicity involving U.S.-listed China-based companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, any offering and our reputation and could result in a loss of your investment in our shares, especially if such matter cannot be addressed and resolved favorably.***

Recently, U.S. public companies that have substantially operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies. Much of the scrutiny, criticism and negative publicity has centered around financial and accounting irregularities, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in some cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S.-listed China-based companies has decreased in value and, in some cases, has become virtually worthless. Many of these companies have been subject to shareholder lawsuits and SEC enforcement actions and have conducted internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on us and our business. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our company. This situation may be a major distraction to our management. If such allegations are not proven to be groundless, our business operations will be severely hindered and your investment in our shares could be rendered worthless.

***Uncertainties and quick change in the interpretation and enforcement of Chinese laws and regulations with little advance notice could result in a material and negative impact our business operations, decrease the value of our shares of common stock and limit the legal protections available to us.***

The PRC legal system is based on written statutes, and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties. The enforcement of laws and that rules and regulations in China can change quickly with little advance notice and the risk that the Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, could result in a material change in our operations and/or the value of our shares of common stock.

On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued an announcement to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. Since this announcement is relatively new, uncertainties still exist in relation to 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 companies like us and our shares of common stock.

On February 15, 2022, Cybersecurity Review Measures published by Cyberspace Administration of China, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, State Administration of Radio and Television, China Securities Regulatory Commission, State Secrecy Administration and State Cryptography Administration became effective, which provides that, Critical Information Infrastructure Operators ("CIIOs") that purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, CAC published the Administration Measures for Cyber Data Security (Draft for Public Comments), or the "Cyber Data Security Measure (Draft)", which requires cyberspace operators with personal information of more than 1 million users who want to list abroad to file a cybersecurity review with the Office of Cybersecurity Review. As confirmed by our PRC counsel Fengdong Law Firm, we are currently not subject to cybersecurity review with the Cyberspace Administration of China ("CAC") under these new measures, because E-Commerce Tianjin is not a cyberspace operator with personal information of more than 1 million users or has activities that affect or may affect national security. Nevertheless, the aforementioned draft measures and any related implementation rules to be enacted may subject us to additional compliance requirement in the future.

We cannot rule out the possibility that the PRC government will institute a licensing regime or pre-approval requirement covering our industry at some point in the future. If such a licensing regime or approval requirement were introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, however, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy in the PRC legal system than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainties over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

***The Chinese government exerts substantial influence over the manner in which we must conduct our business as well as more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and may intervene or influence our operations at any time, which could result in a material change in our operations, and significantly limit or completely hinder our ability to offer or continue to offer securities to investors and, and cause the value of our shares of common stock to significantly decline or be worthless.***

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, environmental regulations, land use rights, property and other matters. The central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

As such, our business is subject to various government and regulatory interferences. We could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. The Company may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. Our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to its business or industry, which could result in a material change in our operation and the value of our shares of common stock.

On February 17, 2023, the CSRC released New Overseas Listing Rules with five interpretive guidelines, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with CSRC and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. According to the Notice on Arrangements for Overseas Securities Offering and Listing by Domestic Enterprises, published by the CSRC on February 17, 2023, a company that (i) has already completed overseas listing or (ii) has already obtained the approval for the offering or listing from overseas securities regulators or exchanges but has not completed such offering or listing before effective date of the new rules and also completes the offering or listing before September 30, 2023 are considered as an existing listed company and is not required to make any filing until it conducts a new offering in the future. Furthermore, upon the occurrence of any of the material events specified below after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report thereof to the CSRC within 3 business days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other competent authorities; (iii) change of listing status or transfer of listing segment; or (iv) voluntary or mandatory delisting. The New Overseas Listing Rules stipulate the legal consequences to the companies for breaches, including failure to fulfill filing obligations or filing documents having false statement or misleading information or material omissions, which may result in a fine ranging from RMB1 million to RMB10 million, and in cases of severe violations, the relevant responsible persons may also be barred from entering the securities market. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules.

On February 24, 2023, the CSRC revised the Provisions on Strengthening the Management of Confidentiality and Archives Related to the Overseas Issuance of Securities and Overseas Listing by Domestic Companies which were issued in 2009 (the "Archives Rules"). The revised Archives Rules took effect on March 31, 2023. The revised Archives Rules expands their application to cover indirect overseas offering and listing, stipulating that a domestic company which plans to publicly disclose any documents and materials containing state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level.

Furthermore, given recent statements by the Chinese government indicating an intent to exert more oversight and control over offerings that are conducted overseas, although we are currently not required to obtain permission from any of the PRC central or local government and has not received any denial to list on the U.S. exchange, it is uncertain when and whether we will be required to obtain permission from the PRC government to list on U.S. exchanges in the future, and even when such permission is obtained, whether it will be denied or rescinded, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and cause the value of our shares to significantly decline or be worthless.

***There are uncertainties under the PRC Securities Law relating to the procedures and requisite timing for the U.S. securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC.***

On December 28, 2019, the amended Securities Law of the PRC (the "PRC Securities Law") was promulgated, which became effective on March 1, 2020. According to Article 177 of the PRC Securities Law ("Article 177"), the securities regulatory authority of the State Council may establish a regulatory cooperation mechanism with securities regulatory authorities of another country or region for the implementation of cross-border supervision and administration. Article 177 further provides that overseas securities regulatory authorities shall not engage in activities pertaining to investigations or evidence collection directly conducted within the territories of the PRC, and that no Chinese entities or individuals shall provide documents and information in connection with securities business activities to any organizations and/or persons aboard without the prior consent of the securities regulatory authority of the State Council and the competent departments of the State Council.

As advised by our PRC counsel Fengdong Law Firm, Article 177 is only applicable where the activities of overseas authorities constitute a direct investigation or evidence collection by such authorities within the territory of the PRC. A substantial of our business operation is conducted in the PRC. In the event that the U.S. securities regulatory agencies carry out an investigation on us such as an enforcement action by the Department of Justice, the SEC or other authorities, such agencies' activities will constitute conducting an investigation or collecting evidence directly within the territory of the PRC and accordingly fall within the scope of Article 177. In that case, the U.S. securities regulatory agencies may have to consider establishing cross-border cooperation with the securities regulatory authority of the PRC by way of judicial assistance, diplomatic channels or establishing a regulatory cooperation mechanism with the securities regulatory authority of the PRC. However, there is no assurance that the U.S. securities regulatory agencies will succeed in establishing such cross-border cooperation in this particular case and/or establish such cooperation in a timely manner.

Furthermore, as Article 177 is still a recently promulgated provision and, as the date of this report, there have not been implementing rules or regulations regarding the application of Article 177, it remains unclear as to how it will be interpreted, implemented or applied by the Chinese Securities Regulatory Commission or other relevant government authorities. As such, there are uncertainties as to the procedures and requisite timing for the U.S. securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. If the U.S. securities regulatory agencies are unable to conduct such investigations, there exists a risk that they may determine to suspend or de-register our registration with the SEC and may also delist our securities from Nasdaq or other applicable trading market within the U.S.

***Under the PRC Enterprise Income Tax Law, we may be classified as a PRC "resident enterprise" for PRC enterprise income tax purposes. Such***

**classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.**

Under the PRC Enterprise Income Tax Law, or the "EIT Law," that became effective in January 2008, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances, and properties of an enterprise. In addition, a circular, known as SAT Circular 82, issued in April 2009 by the State Administration of Taxation, or the "SAT," specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued a bulletin, known as SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." SAT Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups, or by PRC or foreign individuals.

If the PRC tax authorities determine that the actual management organ of Future FinTech Group Inc. is within the territory of China, it may be deemed to be a PRC resident enterprise for PRC enterprise income tax purposes and a number of unfavorable PRC tax consequences could follow. First, we will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Finally, dividends payable by us to our investors and gains on the sale of our shares may become subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our shares. Although up to the date of this report, Future FinTech Group Inc. has not been notified or informed by the PRC tax authorities that it has been deemed to be a resident enterprise for the purpose of the EIT Law, we cannot assure you that it will not be deemed to be a resident enterprise in the future.

***We could be restricted from paying dividends to shareholders due to PRC laws and other contractual requirements. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets.***

We are a holding company incorporated in the State of Florida and do not have any assets or conduct any business operations other than our investments in our subsidiaries and affiliates. As a result of our holding company structure, we rely entirely on dividend payments from our subsidiaries. PRC accounting standards and regulations currently permit payment of dividends only out of accumulated profits, a portion of which is required to be set aside for certain reserve funds. Furthermore, if our subsidiaries in China incur debt on its own in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments. Although we do not intend to pay dividends in the future, our inability to receive all of the profit from our China subsidiaries' operations may provide an additional obstacle to our ability to pay dividends if we so decide in the future. To the extent cash and/or assets in the business are in the PRC and/or Hong Kong or our PRC and/or Hong Kong entities, such funds and/or assets may not be available to fund operations or for other use outside of the PRC and/or Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash and/or assets.

***Governmental control of currency conversion may affect the value of shareholder investments.***

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. RMB is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to satisfy foreign currency obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval by complying with certain procedural requirements. Approval from appropriate governmental authorities, however, is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. In addition, the PRC government could restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due.

***The fluctuation of the RMB may harm shareholder investments.***

The value of the RMB 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. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenue 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 RMB for our operations in China, appreciation of the RMB against the U.S. dollar would diminish the value of the proceeds of the offering and could harm our business, financial condition and results of operations. Conversely, if we decide to convert our RMB into U.S. dollars for business purposes and the U.S. dollar appreciates against the RMB, the U.S. dollar equivalent of the RMB we convert would be reduced. In addition, the depreciation of significant U.S. dollar denominated assets could result in a charge to our income statement and a reduction in the value of these assets.

***PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to increase its registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.***

The State Administration of Foreign Exchange or SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name, and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 is issued to replace the Notice

on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

If our shareholders who are PRC residents or entities do not complete their registration as required, our PRC subsidiaries may be prohibited from distributing its profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries.

The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

***Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, replacing earlier rules promulgated in March 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year will be subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

***Because our principal assets are located outside of the United States, it may be difficult for investors to use U.S. securities laws to enforce their rights against us, our officers and directors in the United States or to enforce judgments of United States courts against us or them in the PRC.***

Most of our present officers and directors reside outside of the United States. In addition, most of our subsidiaries and assets are located outside of the United States. Therefore, it may be difficult for investors in the United States to enforce their legal rights based on the civil liability provisions of the U.S. securities laws against us in the courts of either the United States or the Hong Kong/PRC and, even if civil judgments are obtained in courts of the United States, to enforce such judgments in the PRC or Hong Kong courts. Further, it is unclear if extradition treaties now in effect between the United States, Hong Kong 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 also be difficult for you or overseas regulators to conduct investigations or collect evidence within China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the authorities in China may establish a regulatory cooperation mechanism with its counterparts of another country or region to monitor and oversee cross-border securities activities, such regulatory cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of 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. Article 177 further provides that Chinese entities and individuals are not allowed to provide documents or materials related to securities business activities to foreign agencies without prior consent from the securities regulatory authority of the PRC State Council and the competent departments of the PRC State Council. While detailed interpretation of or implementing 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 you in protecting your interests.

***The filing with the China Securities Regulatory Commission ("CSRC") is required in connection with any offering under New Overseas Listing Rules, and we cannot assure you that we will be able to timely make such filing, in which case we may face sanctions by the CSRC or other PRC regulatory agencies for failure to timely file with the CSRC for this offering.***

On February 17, 2023, the CSRC released the New Overseas Listing Rules, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with relevant CSRC and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. According to the Notice on Arrangements for Overseas Securities Offering and Listing by Domestic Enterprises, published by the CSRC on February 17, 2023, a company that (i) has already completed overseas listing or (ii) has already obtained the approval for the offering or listing from overseas securities regulators or exchanges but has not completed such offering or listing before effective date of the new rules and also completes the offering or listing before September 30, 2023 are considered as an existing listed company and is not required to make any filing until it conducts a new offering in the future. Furthermore, upon the occurrence of any of the material events specified below after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report thereof to the CSRC within 3 business days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other competent authorities; (iii) change of listing status or transfer of listing segment; or (iv) voluntary or mandatory delisting. The New Overseas Listing Rules stipulate the legal consequences to the companies for breaches, including failure to fulfill filing obligations or filing documents having false statement or misleading information or material omissions, which may result in a fine ranging from RMB1 million to RMB10 million, and in cases of severe violations, the relevant responsible persons may also be barred from entering the securities market. Our PRC counsel has advised us based on their understanding of the current PRC laws, rules and regulations relating to the CSRC's filing requirements, we are required to carry out filing procedures as required if we conduct any overseas offerings or offerings within other circumstances under rules with the CSRC. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules. Given the current PRC regulatory environment, it is uncertain when and whether we and our PRC subsidiaries will be required to obtain other permissions or approvals from the PRC government to list on U.S. exchanges in the future, and even if and when such permissions or approvals are obtained, whether they will be denied or rescinded. If we or any of our PRC subsidiaries do not receive or maintain such permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or applicable laws, regulations, or interpretations change and we or our subsidiaries are required to obtain such permissions or approvals in the future, it could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and cause the value

***The Holding Foreign Companies Accountable Act, or the HFCA Act, and the related regulations are evolving quickly. Further implementations and interpretations of or amendments to the HFCA Act or the related regulations, or a PCAOB's determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China and Hong Kong. A potential consequence is that our shares of common stock may be delisted by the exchange. The delisting of our common stock, or the threat of our common stock being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct full inspections of our auditor deprives our investors of the benefits of such inspections.***

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. In accordance with the HFCA Act, trading in securities of any registrant on a national securities exchange or in the over-the-counter trading market in the United States may be prohibited if the PCAOB determines that it cannot inspect or fully investigate the registrant's auditor for three consecutive years beginning in 2021, and, as a result, an exchange may determine to delist the securities of such registrant. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which, would amend the HFCA Act and require 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, thus reducing the time period before our securities may be prohibited from trading or delisted if our auditor is unable to meet the PCAOB inspection requirement. On December 29, 2022, a legislation entitled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act"), was signed into law by President Biden. The Consolidated Appropriations Act contained, among other things, an identical provision to Accelerating Holding Foreign Companies Accountable Act, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the HFCA Act from three years to two.

On November 5, 2021, the SEC adopted the PCAOB rule to implement HFCA Act, which provides a framework for the PCAOB to determine whether it is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the HFCA Act. The rules apply to registrants 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 (the "Commission-Identified Issuers"). A Commission-Identified Issuer will be required to comply with the submission and disclosure requirements in the annual report for each year in which it was identified. If a registrant is identified as a Commission-Identified Issuer based on its annual report for the fiscal year ended December 31, 2021, the registrant will be required to comply with the submission or disclosure requirements in its annual report filing covering the fiscal year ended December 31, 2022.

On December 16, 2021, the PCAOB issued its determinations (the "Determination") that they are unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong. The Determination includes lists of public accounting firms headquartered in mainland China and Hong Kong that the PCAOB is unable to inspect or investigate completely.

On August 26, 2022, the PCAOB signed a Statement of Protocol with the China Securities Regulatory Commission and the Ministry of Finance of the People's Republic of China governing inspections and investigations of audit firms based in China and Hong Kong. On December 15, 2022, the PCAOB Board determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB Board will consider the need to issue a new determination.

The enactment of the HFCA Act and related regulations and any additional actions, proceedings, or new rules resulting from these efforts to increase U.S. regulatory access to audit information could cause investors uncertainty for affected issuers and the market price of our ordinary shares could be adversely affected, and we could be delisted if our auditor is unable to meet the PCAOB inspection requirement.

The lack of access to PCAOB inspections prevents the PCAOB from fully evaluating audits and quality control procedures of the auditors based in China and Hong Kong. As a result, investors may be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China and Hong Kong makes it more difficult to evaluate the effectiveness of these accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections.

Our auditor, Fortune CPA Inc., an independent registered public accounting firm that is headquartered in California, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts inspections to assess its compliance with the applicable professional standards. Our auditor is currently subject to PCAOB inspections and is not included in the PCAOB Determinations. Although we believe that the Holding Foreign Companies Accountable Act and the related regulations do not currently affect us, we cannot assure you that there will not be any further implementations and interpretations of or amendments to the Holding Foreign Companies Accountable Act or the related regulations, which might pose regulatory risks to and impose restrictions on us because of our operations in China and Hong Kong. A potential consequence is that our shares may be delisted by the exchange on which they are listed. If our securities are unable to be listed on another securities exchange, such a delisting would substantially impair your ability to sell or purchase our securities when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the market price of our shares.

#### **Risks Related to Our Common Stock**

***We are authorized to issue blank check preferred stock, which may be issued without shareholder approval and which may adversely affect the rights of holders of our Common Stock.***

We are authorized to issue 10,000,000 shares of preferred stock. The Board is authorized under our articles of incorporation, as amended, to provide for the issuance of shares of preferred stock by resolution and by filing a certificate of designations under Florida law, to fix the designation, powers, preferences and rights of the shares of each such series of preferred stock and the qualifications, limitations or restrictions thereof without any further vote or action by the shareholders. As of December 31, 2023, there were no shares of preferred stock issued and outstanding. Any shares of preferred stock that are issued are likely to have priority over our Common Stock with respect to dividend or liquidation rights. In the event of issuance, the preferred stock could be utilized under certain circumstances as a method of discouraging, delaying or preventing a change in control, which could have the effect of discouraging bids to acquire us and thereby prevent shareholders from receiving the maximum value for their shares. We have no present intention to issue any shares of preferred stock in order to discourage or delay a change of control or for any other reason. However, there can be no assurance that preferred stock will not be issued at some time in the future.

***Zeyao Xue has control over key decision making as a result of his control of a substantial amount of our voting stock.***

Mr. Zeyao Xue, the son of our president, indirectly and directly beneficially owns 3,652,850 shares, or approximately 18.3%, of our outstanding common stock as of April 12, 2024. Mr. Zeyao Xue's beneficial ownership of 18.3% of Future FinTech's issued and outstanding common stock will likely give him the ability to control the outcome of matters submitted to shareholders for approval, including but not limited to the election of directors and any merger, consolidation, or sale of all or substantially all of the Company's assets. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of the Company's assets that other shareholders support, or conversely this concentrated control could result in the consummation of such a transaction that other shareholders do not support. This concentrated control could also discourage a potential investor from acquiring the common stock of the Company due to the limited voting power of such shares. As a shareholder, even a controlling shareholder, Mr. Zeyao Xue is entitled to vote his shares, and shares over which he has voting control, in his own interests, which may not always be in the interests of our shareholders generally.

***Anti-takeover provisions in our charter documents and under Florida law could discourage, delay or prevent a change in control of our Company and may affect the trading price of our Common Stock.***

As a Florida corporation, we are subject to certain provisions of the Florida Business Corporation Act that have anti-takeover effects and may inhibit a non-negotiated merger or other business combination. Our Articles of Incorporation and Bylaws also contain other provisions which could have anti-takeover effects. These provisions include, without limitation, the authority of our Board of Directors to issue additional shares of preferred stock and to fix the relative rights and preferences of the preferred stock without the need for any shareholder vote or approval, as discussed above, and advance notice procedures to be complied with by our shareholders in order to make shareholder proposals or nominate directors, such as:

- authorize the issuance of "blank check" preferred stock that could be issued by the Board to thwart a takeover attempt;
- require that directors only be removed from office upon a majority shareholder vote;
- provide that vacancies on the board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- limit who may call special meetings of shareholders; and

For more information regarding these and other provisions, see the exhibit titled "Description of Our Securities — Anti-Takeover Effects of Certain Provisions of Florida Law."

***In recent years, our Common Stock has been in danger of being delisted from the NASDAQ Stock Market ("NASDAQ").***

Our common stock is currently listed on the Nasdaq Capital Market. The NASDAQ Stock Market LLC has requirements that a company must meet in order to remain listed on NASDAQ, for example, NASDAQ rules require us to maintain a minimum bid price of \$1.00 per share of our common stock. We may be unable to meet NASDAQ listing requirements, including minimum bid price, minimum levels of stockholders' equity or market values of our common stock in which case, our common stock could be delisted. If our common stock were to be delisted, the liquidity of our common stock would be materially adversely affected and the market price of our common stock could decrease.

On February 28, 2019, the Company received a letter from NASDAQ notifying the Company that, because the closing bid price for the Company's common stock listed on NASDAQ was below \$1.00 for 30 consecutive trading days, the Company no longer met the minimum bid price requirement for continued listing on NASDAQ under NASDAQ Marketplace Rule 5550(a)(2). On May 7, 2019, the Company received a written notification from the NASDAQ Stock Market Listing Qualifications Staff indicating that the Company has regained compliance with the \$1.00 minimum closing bid price requirement and that the matter is now closed.

On April 17, 2019, the Company received a notification letter from NASDAQ stating the Company was not in compliance with NASDAQ Listing Rule 5250(c)(1), due to its failure to timely file its Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 10-K"). On May 21, 2019, the Company received a notification letter from NASDAQ stating the Company was not in compliance with NASDAQ Listing Rule 5250(c)(1), due to its failure to timely file its Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. On August 20, 2019, the Company received a notification letter from the NASDAQ stating the Company was not in compliance with NASDAQ Listing Rule 5250(c)(1), due to its failure to timely file its Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

On October 16, 2019, the Company received a letter from the NASDAQ notifying the Company that it has regained compliance with NASDAQ's periodic filing requirements for continued listing on the Nasdaq Capital Market. The letter noted that as a result of the September 3, 2019 filing of the Form 10-K for the year ended on December 31, 2018 and the September 30, 2019 filing of the Forms 10-Q for the periods ended March 31, and June 30, 2019 with the Securities and Exchange Commission, the Company has regained compliance with Listing Rule 5250(c)(1) and the matter is now closed.

On September 4, 2019, the Company received written notice from the NASDAQ stating that the Company did not meet the requirement of maintaining a minimum of \$2,500,000 in stockholders' equity for continued listing on the NASDAQ Capital Market, as set forth in NASDAQ Listing Rule 5550(b)(1), the Company also does not meet the alternative of market value of listed securities of \$35 million under NASDAQ Listing Rule 5550(b)(2) or net income from continuing operations of \$500,000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years under NASDAQ Listing Rule 5550(b)(3), and the Company is no longer in compliance with the NASDAQ Listing Rules. On March 18, 2020, the Company received written notice from NASDAQ stating that the Company complies with the Listing Rule 5550(b)(1).

On November 4, 2019, the Company received a letter from the Nasdaq notifying the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer meets the minimum bid price requirement for continued listing on Nasdaq under Nasdaq Marketplace Rule 5550(a)(2), which requires a minimum bid price of \$1.00 per share. On April 14, 2020, the Company received a written notification from the Nasdaq indicating that the Company has regained compliance with the \$1.00 minimum closing bid price requirement and that the matter is now closed.

On March 1, 2022, the Company received a letter from the Nasdaq Stock Market ("Nasdaq") notifying the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer meets the minimum bid price requirement for continued listing on Nasdaq under Nasdaq Marketplace Rule 5550(a)(2), which requires a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement"). The Company has a period of 180 calendar days from the date of notification, until August 29, 2022 (the "Compliance Period"), to regain compliance with the Minimum Bid Price Requirement. On August 30, 2022, the Company received a written notification from the

NASDAQ Stock Market Listing Qualifications Staff (the "Staff") indicating that the Company has been granted an additional 180 calendar day period or until February 27, 2023, to regain compliance with the \$1.00 minimum closing bid price requirement for continued listing on the NASDAQ Capital Market pursuant to NASDAQ Listing Rule. On January 26, 2023, the Company filed with the Florida Secretary of State's office Articles of Amendment (the "Amendment") to amend its Second Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation"). As a result of the Amendment, the Company has authorized and approved a 1-for-5 reverse stock split of the Company's authorized shares of common stock from 300,000,000 shares to 60,000,000 shares, accompanied by a corresponding decrease in the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). The common stock will continue to be \$0.001 par value. The Company's shares of common stock began to trade on the NASDAQ Stock Market on the post-Reverse Stock Split basis under the symbol "FTFT" on February 1, 2023. On February 15, 2023, the Company received a written notification from the NASDAQ Stock Market Listing Qualifications Staff indicating that the Company has regained compliance with the \$1.00 minimum closing bid price requirement for continued listing on the NASDAQ Capital Market pursuant to NASDAQ Listing Rule 5550(a)(2) and that the matter is now closed.

## ITEM 1B – UNRESOLVED STAFF COMMENTS

Not applicable.

## Item 1C. CYBERSECURITY

### Cybersecurity Risk Management and Strategy

We face various cyber risks, including, but not limited to, risks related to unauthorized access, misuse, data theft, computer viruses, system disruptions, ransomware, malicious software and other intrusions. We utilize a multilayered, proactive approach, as part of our overall risk mitigation strategy, to identify, evaluate, mitigate and prevent potential cyber and information security threats through our cybersecurity risk management efforts. We have an IT manager who is responsible for the identification, evaluation, and management of cybersecurity risks and controls. Our IT manager has related experience including: (i) network architecture design and planning: working on overall design and planning of network architecture, selection of related equipment and software, and its implementation; (ii) information security architecture design and planning: assisting the development of information security strategy, technical architecture and management system plan, design, and implementation; (iii) daily maintenance, emergency response support, maintenance report preparation, major IT project support, etc. and (iv) provide support for the operation and maintenance of various IT infrastructure, and ensure the stability of the company's IT infrastructure. To oversee and identify risks from cybersecurity threats associated with our use of third-party service providers, we maintain third-party risk management efforts designed to help protect against the misuse of information technology and security breaches, including requirements in the agreements with such third parties.

We have not, to date, identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of our operations, or financial condition.

### Cybersecurity Governance and Oversight

Management is responsible for the cybersecurity risk management program as well as actions to identify, assess, mitigate, and remediate material issues. The Company's cybersecurity risk management program is supervised by our IT manager, who reports directly to the Company's Chief Executive Officer. The IT manager and his team are responsible for leading cybersecurity strategy, policy, standards, architecture and processes.

The Audit Committee of the Board of Directors is charged with oversight of cybersecurity matters and receives reports from the IT manager and Chief Executive Officer on, among other things, the Company's cyber risks and threats, the status of projects to strengthen the Company's information security systems, and the emerging threat landscape. In accordance with our Cyber Incident Response Plan, the Audit Committee will be promptly informed by management of cybersecurity incidents with the potential to materially adversely affect the Company or its information systems and is regularly updated about incidents with lesser impact potential. At least annually, the Board reviews and discusses the Company's technology strategy in combination with the Company's strategic objectives with executive management.

In an effort to detect and defend against cyber threats, the Company plans to provide its employees with various cybersecurity and data protection training programs which will cover timely and relevant topics, including social engineering, phishing, password protection, confidential data protection, asset use and mobile security, and educate employees on the importance of reporting all incidents promptly.

## ITEM 2 – PROPERTIES

Our principal executive office is located at Americas Tower, 1177 Avenue of The Americas, Suite 5100, New York, NY 10036 and we lease such office for a term of one year from December 1, 2020, which has been renewed until December 1, 2024. We also lease offices at 23/F, South Tower, Kaisa Plaza, 86th Jianguo Rd. Chaoyang District, Beijing for a term from September 1, 2020 to August 31, 2024; FTFT Dubai leases an office at 1113, Onyx tower 2, The Greens, Dubai, UAE from July 18, 2023 to August 17, 2024, FTFT UK leases an office at Devonshire House, 9th Floor 1 Mayfair Place, London, W1J 8AJ, United Kingdom from September 1, 2023 to August 31, 2024. NTAM leases an office at Unit B 17/F, Chung Nam Building 1 Lockhart Road Wan Chai, Hong Kong until June 15, 2025. We believe that our current offices are adequate to meet our needs. FTFT International Securities and Futures Limited leases an office at office c, 18F, Wing Lok Street Trade Centre, 235 Wing Lok Street, Sheung Wan, Hong Kong until May 31, 2024.

## ITEM 3 – LEGAL PROCEEDINGS

### Legal case with FT Global Capital, Inc.

In January 2021, FT Global Capital, Inc. ("FT Global"), a former placement agent of the Company filed a lawsuit against the Company in the Superior Court of Fulton County, Georgia. FT Global served the complaint upon the Company in January 2021. In the complaint, FT Global alleges claims, most of which attempt to hold the Company liable under legal theories that relate back to an alleged breach of an exclusive placement agent agreement between FT Global and the Company in July 2020 which had a term of three months. FT Global claims that the Company failed to compensate FT Global for securities purchase transactions between December 2020 and April 2021, pursuant to the terms of the expired exclusive placement agent agreement. Allegedly, the exclusive placement agent agreement required the Company to pay FT Global for capital received during the term of the agreement and for the 12-month period following the termination of the agreement involving any investors that FT Global introduced and/or wall-crossed to the Company. However, the Company believes the securities purchase transactions at issue did not involve the one investor which FT Global introduced or wall-crossed to the Company during the term of the agreement. FT Global claims approximately \$7,000,000 in damages and attorneys' fees.

The Company timely removed the case to the United States District Court for the Northern District of Georgia (the "Court") on February 9, 2021 based on diversity of jurisdiction. On March 9, 2021, the Company filed a motion to dismiss based on FT Global's failure to state a claim which is pending before the Court. On March 23, 2021, FT Global filed its response to the Company's motion to dismiss. FT Global argues that the Court should deny the Company's motion to dismiss. However, if the Court is inclined to grant the Company's motion to dismiss, FT Global requested that the Court permit it to file an

amended complaint. On April 8, 2021, the parties filed a Joint Preliminary Report and Discovery Plan. On April 12, 2021, the Court approved the Joint Preliminary Report and Discovery Plan and issued a Scheduling Order placing this case on a six-month discovery tract. On April 30, 2021, the Company served FT Global with its Initial Disclosures. On May 6, 2021, FT Global served the Company with its Initial Disclosures. On May 17, 2021, FT Global served the Company with its First Amended Initial Disclosures. On November 10, 2021, the Court entered an Order granting the Company's motion to dismiss FT Global's fraud claim and breach of contract claim as to the disclosure of its confidential and proprietary information. The Court denied the Company's motion to dismiss FT Global's i) breach of contract claim for failure to pay FT Global pursuant to the terms of the exclusive placement agent agreement; ii) claim for breach of the covenant of good faith and fair dealing; and iii) claim for attorney's fees, and the court concluded that additional information can be obtained through discovery. The Company timely filed an answer and defenses to FT Global's complaint on November 24, 2021. On January 3, 2022 the Company propounded discovery requests upon FT Global, including interrogatories and requests for production of documents. On March 23, 2022, the Company propounded requests for admission upon FT Global. On March 24, 2022, FT Global propounded discovery requests upon the Company, including requests for production of documents and requests for admission. On April 1, 2022, FT Global served its response to the Company's requests for production of documents. On May 13, 2022, FT Global served its responses to the Company's interrogatories and requests for admissions. On May 13, 2022, FT Global produced documents in response to the Company's requests for production of documents. On June 3, 2022, the Company produced documents in response to FT Global's requests for production of documents. On August 3, 2022, the Company took the deposition of FT Global. On August 4, 2022, FT Global took the deposition of the Company. On August 3, 2022, the Court granted the parties' Consent Motion to Extend Discovery Period extending the discovery period from August 5, 2022 to September 14, 2022 and the deadline to file dispositive motions to October 12, 2022. On October 12, 2022, the Company filed a motion for summary judgment on all claims asserted by FT Global in this lawsuit. On November 2, 2022, FT Global filed its opposition to the Company's motion for summary judgment. On November 16, 2022, the Company filed its reply in support of its motion for summary judgment on all claims asserted by FT Global in this lawsuit. On August 31, 2023, the Court entered an Order denying the Company's motion for summary judgment. On September 20, 2023, the parties filed a joint motion to extend the deadline to file the consolidated pretrial order pending mediation of the case by the parties. On September 21, 2023, the Court granted the parties' joint motion to extend the deadline to file the consolidated pretrial order to October 27, 2023. On October 16, 2023, the parties mediated the case. On October 24, 2023, the parties filed another joint motion to extend the deadline to file the consolidated pretrial order. On October 27, 2023, the Court granted the parties' joint motion to extend the deadline to file the consolidated pretrial order to November 17, 2023 and set the case for trial on January 8, 2024. Subsequently, the Court approved an extension of the deadline to file a pretrial order to December 1, 2023. The Court has also rescheduled the trial to commence on April 8, 2024. The trial began on April 8, 2024 and ended on April 11, 2024, on which date the jury returned a verdict in favor of FT Global and the Court entered a judgment awarding FT Global \$8,875,265.31. On April 12, 2024, FT Global requested that the Court add \$1,723,136.44 in prejudgment interest to the judgment amount. The Company will continue to vigorously defend the action against FT Global, including by appealing the judgment to the United States Court of Appeals for the Eleventh Circuit.

#### Settlement with SEC

On December 17, 2019, the Company announced that it received a subpoena from the SEC's Division of Enforcement requiring the Company to produce documents and other information and the Company has cooperated with the SEC's investigation and information request. On July 3, 2023, the SEC announced a settlement of the investigation with the Company. Without admitting or denying the SEC's findings, the Company has consented to: (i) cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act, Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-13 and 13a-15(a) thereunder; (ii) pay a civil money penalty in the amount of \$1,650,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3) and the payment shall be made in the following installments: the first installment of \$150,000 shall be paid within ten (10) days of July 3, 2023 (the "Order Date"); the second installment of \$375,000 shall be paid within 90 days of the Order Date; the third installment of \$375,000 shall be paid within 180 days of the Order Date; the fourth installment of \$375,000 shall be made within 270 days of the Order Date; and the last installment of \$375,000 shall be made within 360 days of the Order Date; (iii) retain, within sixty (60) days of the Order Date, at Company's own expense, a qualified independent consultant (the "Consultant") not unacceptable to the SEC staff, to test, assess, and review the Company's internal accounting controls and internal control over financial reporting (collectively, "review"), and the Consultant, at the conclusion of the review, which in no event shall be no more than 180 days after the Order Date, to submit a report of the Consultant to the Company and the SEC staff and the report shall address the Consultant's findings and shall include a description of the review performed, the conclusions reached, and the Consultant's recommendations for changes or improvements; and (iv) adopt, implement, and maintain all policies, procedures and practices recommended in the report of the Consultant within 120 days of receiving the report from the Consultant. As of the date of this report, the Company has made all installment payments of the penalties except for the last one which will due on 360 days of the Order Date. On July 26, 2023, the Company also has engaged an independent consultant to test, assess, and review the Company's internal accounting controls and internal control over financial reporting. The consultant has completed its test, assess and review and issued a final report in December 2023.

#### **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**

Our Common Stock is currently traded on the Nasdaq Capital Market under the symbol "FTFT." Prior to December 31, 2018, our stock traded on the Nasdaq Global Market, and before that, on the NYSE Amex.

As of April 12, 2024, there were 19,985,410 shares of our Common Stock issued and outstanding, and the Company had approximately 32 record holders of Common Stock. The number of holders of record does not include the number of persons whose stock is in nominee or "street name" accounts through brokers.

#### **Dividend Policy**

We have never declared or paid any cash dividends on our Common Stock. The payment of dividends is at the discretion of the Board and is contingent on our revenues and earnings, capital requirements, financial condition and the ability of our operating subsidiaries to obtain governmental approval to send funds out of the PRC. We currently intend to retain all earnings, if any, for use in business operations. Accordingly, we do not anticipate declaring any dividends in the near future.

The PRC's national currency, the RMB or yuan, is not a freely-convertible currency. Please refer to the Risk Factors "Governmental control of currency conversion may affect the value of shareholder investment," and "PRC regulations relating to offshore investment activities by PRC residents may limit our

PRC subsidiary's ability to increase its registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law".

#### Recent Sales of Unregistered Securities and Use of Proceeds

The Company did not make any sales of unregistered securities during the fiscal year ended December 31, 2023 that were not previously disclosed in a quarterly report on Form 10-Q or a current report on Form 8-K.

#### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2023, with respect to our equity compensation plans previously approved by stockholders and equity compensation plans not previously approved by stockholders.

| Plan Category                                          | Equity Compensation Plan Information                                                        |                                                                             |                                                                                                                                             |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
|                                                        | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|                                                        | (a)                                                                                         | (b)                                                                         | (c)                                                                                                                                         |
| Equity compensation plans approved by stockholders (1) | -                                                                                           | \$ -                                                                        | 2,110,000                                                                                                                                   |
| Equity compensation plans not approved by stockholders | -                                                                                           | \$ -                                                                        | -                                                                                                                                           |
| <b>Total</b>                                           | <b>-</b>                                                                                    | <b>\$ -</b>                                                                 | <b>2,110,000</b>                                                                                                                            |

(1) Consists of Company's 2023 Omnibus Equity Plan, which was approved by the Company's shareholders at its annual meeting of stockholders on December 5, 2023. On December 23, 2023 (the "Grant Date"), the Compensation Committee of the Board of Directors (the "Board") of the Company granted stock awards of 2,890,000 shares of common stock of the Company, pursuant to the Company's 2023 Omnibus Equity Plan, to sixteen officers and employees of the Company and its subsidiaries (the "Grantees"), including: 200,000 shares to Shanchun Huang, Chief Executive Officer and President of the Company, 40,000 shares to Peng Lei, Chief Operating Officer of the Company, and 30,000 shares to Hoo Lee, Corporate Secretary of the Company (collectively, the "Grants"). The Grants vested immediately on the Grant Date and each of the Grantees also entered into an Unrestricted Stock Award Agreement with the Company on December 23, 2023. As of December 31, 2023, there were 2,110,000 shares authorized for issuance under 2023 Omnibus Equity Plan of the Company.

The Board of Directors of the Company approved and adopted the Future FinTech Group Inc. 2020 Omnibus Equity Plan (the "2020 Equity Plan") on October 27, 2020, which was approved by the shareholders at the shareholders annual meeting on December 18, 2020. The 2020 Equity Plan has a total of 5,000,000 pre reverse split shares of Common Stock. The Company grant the 1,953,000 shares under 2020 Equity Plan to sixteen officers and employees of the Company and its subsidiaries on July 12, 2021. On July 12, 2022, the Company granted remaining 3,047,000 shares under the 2020 Equity Plan, to six officers and employees of the Company and its subsidiaries.

#### ITEM 6 – [RESERVED]

Not Applicable.

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

*The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Annual Report on Form 10-K, particularly under the heading "Risk Factors."*

##### Overview

Future FinTech is a holding company incorporated under the laws of the State of Florida and it is not a Chinese operating company. As a holding company with no material operations of our own, we conduct a substantial majority of our operations through our subsidiaries and this structure involves unique risks to investors. The Company historically engaged in the production and sale of fruit juice concentrates (including fruit purees and fruit juices), fruit beverages (including fruit juice beverages and fruit cider beverages) in People's Republic of China. Due to drastically increased production costs and tightened environmental laws in China, the Company had transformed its business from fruit juice manufacturing and distribution to supply chain financing services and trading in China, asset management business in Hong Kong and cross-border money transfer service in UK. The Company also expanded into brokerage and investment banking business in Hong Kong and cryptocurrency mining farm in the U.S. The Company had contractual arrangements with a VIE E-Commerce Tianjin in China, which has generated minimal revenue and business since 2021 due to the negative impact caused by COVID-19. The Company started the process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

On August 6, 2021, the Company completed acquisition of 90% of the issued and outstanding shares of Nice Talent Asset Management Limited ("NTAM"), a Hong Kong-based asset management company, from Joy Rich Enterprises Limited ("Joy Rich"). NTAM is licensed under the Securities and Futures Commission of Hong Kong ("SFC") to carry out regulated activities in Type 4: Advising on Securities and Type 9: Asset Management.

In March 2022, FTFT UK Limited received has received approval to operate as an Electronic Money Directive ("EMD") Agent and has been registered as such with the Financial Conduct Authority (FCA), a UK regulator. This status grants FTFT UK Limited the ability to distribute or redeem e-money and provide certain financial services on behalf of an e-money institution (registration number 903050).

On April 18, 2022, the Company and Future Fintech (Hong Kong) Limited, a wholly owned subsidiary of the Company jointly acquired 100% equity interest of KAZAN S.A., a company incorporated in Republic of Paraguay for \$288. The Company owns 90% and FTFT HK owns 10% of Kazan S.A., respectively. Kazan S.A. has no operation before the acquisition. The Company plans to develop bitcoin and other cryptocurrency mining and related

services in Paraguay. The Company has changed its name from KAZAN S.A to FTFT Paraguay S.A. on July 28, 2022.

On September 29, 2022, FTFT UK Limited completed its acquisition of 100% of the issued and outstanding shares of Khyber Money Exchange Ltd., a company incorporated in England and Wales, from Rahim Shah, a resident of United Kingdom for a total of Euros €685,000 ("Purchase Price"), pursuant to a Share Purchase Agreement (the "Agreement") dated September 1, 2021. Khyber Money Exchange Ltd. is a money transfer company with a platform for transferring money through one of its agent locations or via its online portal, mobile platform or over the phone. Khyber Money Exchange Ltd. is regulated by the UK Financial Conduct Authority (FCA) and the parties received approval by the FCA before the formal closing of the transaction. On October 11, 2022, the Company changed the name of Khyber Money Exchange Ltd. to FTFT Finance UK Limited.

On February 27, 2023, Future FinTech (Hong Kong) Limited ("Buyer"), a company incorporated in Hong Kong and a wholly owned subsidiary of Future FinTech Group Inc. (the "Company") entered into a Share Transfer Agreement (the "Agreement") with Alpha Financial Limited, a company incorporated in Hong Kong ("Seller") and sole owner and shareholder of Alpha International Securities (Hong Kong) Limited, a company incorporated in Hong Kong ("Alpha HK") and Alpha Information Service (Shenzhen) Co., Ltd., a company incorporated in China ("Alpha SZ"). Alpha HK holds Type 1 'Securities Trading', Type 2 'Futures Contract Trading' and Type 4 'Securities Consulting' financial licenses issued by the Hong Kong Securities and Futures Commission. Alpha SZ provides technical support services to Alpha HK. The share transfer transaction was approved by the Securities and Futures Commission of Hong Kong ("SFC") in August 2023 and the acquisition was closed on November 7, 2023. The names of the two entities were subsequently changed to 'FTFT International Securities and Futures Limited' and 'FTFT Information Services (Shenzhen) Co. Ltd.', respectively.

On January 26, 2023, the Company filed with the Florida Secretary of State's office Articles of Amendment (the "Amendment") to amend its Second Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation"). As a result of the Amendment, the Company has authorized and approved a 1-for-5 reverse stock split of the Company's authorized shares of common stock from 300,000,000 shares to 60,000,000 shares, accompanied by a corresponding decrease in the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). The common stock will continue to be \$0.001 par value. The Company rounds up to the next full share of the Company's shares of common stock any fractional shares that result from the Reverse Stock Split and no fractional shares is issued in connection with the Reverse Stock Split and no cash or other consideration is paid in connection with any fractional shares that would otherwise have resulted from the Reverse Stock Split. No changes are being made to the number of preferred shares of the Company which remain as 10,000,000 preferred shares as authorized but not issued. The amendment to the Articles of Incorporation of the Company will take effect at 1:00am Eastern Time on February 1, 2023. The Reverse Stock Split and Amendment were authorized and approved by the Board of Directors of the Company without shareholders' approval, pursuant to 607.10025 of the Florida Business Corporation Act of the State of Florida.

The Company operated a blockchain based online shopping platform, Chain Cloud Mall ("CCM") Chain Cloud Mall through its VIE and its business was materially and negatively affected by outbreak of COVID-19 since early 2020 because the Company was unable to implement its promotion strategy to enroll new members through training of such members and distributors via meetings and conferences which was not possible during the outbreak of COVID-19. CCM has generated minimal revenue and business since 2021, despite the Company transformed the member-based business model of CCM to a sale agent based "Enterprise Communication as A Service" or eCAAS platform during the second quarter of 2021. The Company started a process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

There are legal and operational risks associated with being based in and having a substantial majority of operations in China and Hong Kong. These risks could result in a material change in our operations and/or the value of our common stock or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our shares to significantly decline or be worthless. In the past few years, 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. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued an announcement to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. On February 15, 2022, Cybersecurity Review Measures published by Cyberspace Administration of China or the CAC, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, State Administration of Radio and Television, China Securities Regulatory Commission ("CSRC"), State Secretariat Administration and State Cryptography Administration became effective, which provides that, Critical Information Infrastructure Operators ("CIIOs") that intend to purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On November 14, 2021, CAC published the Administration Measures for Cyber Data Security (Draft for Public Comments), or the "Cyber Data Security Measure (Draft)", which requires cyberspace operators with personal information of more than 1 million users who want to list abroad to file a cybersecurity review with the Office of Cybersecurity Review. On July 7, 2022, CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer, effective on September 1, 2022, which requires the data processors to apply for data cross-border security assessment coordinated by the CAC under the following circumstances: (i) any data processor transfers important data to overseas; (ii) any critical information infrastructure operator or data processor who processes personal information of over 1 million people provides personal information to overseas; (iii) any data processor who provides personal information to overseas and has already provided personal information of more than 100,000 people or sensitive personal information of more than 10,000 people to overseas since January 1st of the previous year; and (iv) other circumstances under which the data cross-border transfer security assessment is required as prescribed by the CAC. On February 17, 2023, the CSRC released New Overseas Listing Rules with five interpretive guidelines, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with CSRC and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. According to the Notice on Arrangements for Overseas Securities Offering and Listing by Domestic Enterprises, published by the CSRC on February 17, 2023, a company that (i) has already completed overseas listing or (ii) has already obtained the approval for the offering or listing from overseas securities regulators or exchanges but has not completed such offering or listing before effective date of the new rules and also completes the offering or listing before September 30, 2023 are considered as an existing listed company and is not required to make any filing until it conducts a new offering in the future. Furthermore, upon the occurrence of any of the material events specified below after an issuer has completed its offering and listed its securities on an overseas stock exchange, the issuer shall submit a report thereof to the CSRC within 3 business days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other competent authorities; (iii) change of listing status or transfer of listing segment; or (iv) voluntary or mandatory delisting. The New Overseas Listing Rules stipulate the legal consequences to the companies for breaches, including failure to fulfill filing obligations or filing documents having false statement or misleading information or material omissions, which may result in a fine ranging from RMB1 million to RMB10 million, and in cases of severe violations, the relevant responsible persons may also be barred from entering the securities market. On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, or the Confidentiality and Archives Administration Provisions, which took effect on March 31, 2023. PRC domestic enterprises seeking to offer securities and list in overseas markets, either directly or indirectly, shall establish and improve the system of confidentiality and archives work, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of state organs to relevant securities companies, securities

service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that (i) providing or publicly disclosing documents and materials which may adversely affect national security or public interests, and accounting records or photocopies thereof to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals shall be subject to corresponding procedures in accordance with relevant laws and regulations; and (ii) any working papers formed in the territory of the PRC by securities companies and securities service agencies that provide domestic enterprises with securities services relating to overseas securities issuance and listing shall be stored in the territory of the PRC, the outbound transfer of which shall be subject to corresponding procedures in accordance with relevant laws and regulations. As of the date of this report, these new laws and guidelines that became effective have not impacted the Company's ability to conduct its business, accept foreign investment or list on a U.S. or other foreign stock exchange except for the filing requirement under New Overseas Listing Rules. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules. In addition, new rules and regulations could be adopted and there are uncertainties in the interpretation and enforcement of existing laws and guidelines, which could materially and adversely impact our business and financial outlook and may impact our ability to accept foreign investments or continue to list on a U.S. or other foreign stock exchange. Any change in foreign investment regulations, and other policies in China or related enforcement actions by China government could result in a material change in our operations and the value of our securities and could significantly limit or completely hinder our ability to offer our securities to investors or cause the value of our securities to significantly decline or be worthless.

In the opinion of our PRC counsel Fengdong Law Firm, subsidiaries of the Company are incorporated and operating in mainland China have received all required permissions from Chinese authorities to operate their current business in China, including Business licenses and Bank Account Open Permits, as of the date of this report.

In the opinion of Fengdong Law Firm, as of the date of this report, we, our subsidiaries in China are not subject to permission requirements from the CSRC or CAC or any other entity that is required to approve of their operations and have not received or were denied such permissions by any PRC authorities. Currently, we are required to file with CSRC for any offerings under New Overseas Listing Rules. The Company is still processing the filings with CSRC for its offerings since the effective of New Overseas Listing Rules and has not complied the filing requirements yet which would subject the Company to fines and other penalties for violation of New Overseas Listing Rules. Given the current PRC regulatory environment, it is uncertain whether we, our subsidiaries, will be able to obtain permission from the PRC government to offer our securities to foreign investors, and even when such permission is obtained, whether it will be denied or rescinded. If we or any of our subsidiaries do not receive or maintain such permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or applicable laws, regulations, or interpretations change and we or our subsidiaries are required to obtain such permissions or approvals, it could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and cause the value of our securities to significantly decline or become worthless. Failure to take timely and appropriate measures to adapt to any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

The Company currently has nine directly controlled subsidiaries: DigiPay FinTech Limited ("DigiPay"), a company incorporated under the laws of the British Virgin Islands, Future FinTech (Hong Kong) Limited, a company incorporated under the laws of Hong Kong, GlobalKey Shared Mall Limited, a company incorporated under the laws of Cayman Islands ("GlobalKey Shared Mall"), Tianjin Future Private Equity Fund Management Partnership, a Limited Partnership under the laws of China, FTFT UK Limited, a company incorporated under the laws of United Kingdom, Future Fintech Digital Capital Management, LLC, a company incorporated under the laws of Connecticut, Future Fintech Digital Number One GP, LLC, a company incorporated under the laws of Connecticut, Future FinTech Labs Inc., a company incorporated under the laws of New York, and FTFT SuperComputing Inc. a company incorporated under the laws of Ohio.

SkyPeople Foods Holdings Limited ("SkyPeople BVI") was a wholly owned subsidiary of the Company and a company organized under the laws of the British Virgin Islands, which held 100% of the equity interest of HeDeTang Holdings (HK) Ltd. ("HeDeTang HK"), a company organized under the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), and HeDeTang HK held 73.42% of the equity interest of SkyPeople Juice Group Co., Ltd., ("SkyPeople (China)"), a company incorporated under the laws of the PRC. SkyPeople (China) had eleven subsidiaries in the PRC, which were mainly involved in the production and sales of fruit juice concentrates, fruit juice beverages and other fruit-related products in the PRC and overseas markets. On February 27, 2020, SkyPeople BVI (the "Seller") completed the transfer of its ownership of HeDeTang HK to New Continent International Co., Ltd. (the "Buyer"), an unrelated third party and a company incorporated in the British Virgin Islands for a total price of RMB 0.6 million (approximately \$85,714), pursuant to a Share Transfer Agreement entered into by the Seller and the Buyer on September 18, 2019 and approved at the special shareholders meeting of the Company on February 26, 2020 (the "Sale Transaction"). SkyPeople BVI had no operational assets or business after the transfer and the Company dissolved SkyPeople BVI on July 27, 2020.

#### **Supply Chain Financing Service and Trading in China**

Since the second quarter of 2021, we started supply chain financing service and trading business, which currently includes coal, aluminum ingots, sand and steel supply chain financing service and trading business.

Our supply chain finance business mainly serves the receivables and payables of industrial customers, obtains the creditor's rights or commodity goods rights of large state-owned enterprises through trade execution, provides customers with working capital, accelerates capital turnover, and then expands the business scale and improves the industrial value.

Through our supply chain service ability and customer resources, we can tap into low-risk assets, flexibly carry out financial services around the actual financial needs of certain industries, and reduce the overall risk of the business by using the control of business flow, goods logistics and capital flow in the process of commodity circulation.

We focus on bulk commodity goods such as sand, steel, coal and aluminum ingots and take large state-owned or listed companies as the core service targets; We use our own funds as the operation basis, actively uses a variety of channels and products for financing, such as banks, commercial factoring companies, accounts receivable, asset-backed securities, and other innovative financing methods to obtain sufficient funds.

We sign purchase and sale agreements with suppliers and buyers. The suppliers are responsible for the supply and transportation of goods to the end users' designated freight yard or transfer the title to us in certain warehouses. We also provide trading service as we don't take control over the ownership of the goods but receive lower margin for the transaction. For the sale of goods where we obtain control of the goods before transferring it to the customer, we recognize revenue based on the gross revenue amount billed to customers as sales of goods. We consider multiple factors when determining whether we obtain control of third-party goods, including evaluating if we can establish the price of the goods, retain inventory risk for tangible goods or have the responsibility for ensuring acceptability of the goods. We recognize net revenue as agent services for the sales of coals, aluminum ingots, sand and steel when no control obtained throughout the transactions. We select the customers and suppliers that have good credit and reputation.

## **Asset Management, Brokerage and Investment Banking Services in Hong Kong .**

The Company acquired 90% of the issued and outstanding shares of Nice Talent Asset Management Limited ("NTAM"), a Hong Kong-based asset management company in August 2021. NTAM was founded in 2018 and it engages asset management and advisory services. NTAM is licensed under the Securities and Futures Commission of Hong Kong (SFC) for carrying out regulated activities in "Advising on Securities" and "Asset Management". NTAM offers diversified asset management portfolio for professional investors. Assets of NTAM's clients are held in banks, where clients gave the banks their authorization allowing NTAM to place trading instructions on behalf of the clients in order to manage the clients' assets.

NTAM mainly engages in following asset management services for its clients:

### **(1) Equity Investment**

NTAM manages clients' investment portfolio in stocks of the companies listed on the international market with strong liquidity. At the same time, it selects companies that have unique or differentiated businesses, realizing above average profit growth.

### **(2) Debt investment**

When NTAM manages clients' investment portfolio in bonds that are denominated in major international currencies such as US dollar, euro and sterling, the issuer of debts shall have good credit rating and asset liability ratio. Through active management, NTAM focuses on bonds with higher yield to maturity among bonds with the same maturity and credit rating.

### **(3) Precious metals and currencies investment**

NTAM also manages clients' investment portfolio in major international currencies and precious metals, including US dollar, euro, British pound, Japanese yen, Australian dollar and offshore Chinese yuan. Precious metals include gold, platinum and silver. With research on the fundamentals of market supply and demand to predict the trend of commodity prices, NTAM endeavors to improve the rate of return for clients through dual currency investment, options and structured products.

### **(4) Derivative Investment**

NTAM also manages clients' investment portfolio in financial derivatives in different asset classes, such as options and structured products.

### **(5) External Asset Management Services (EAM)**

This business takes customer demand as the service purpose, cooperates with several private banks which provide asset custody services, and innovatively introduces the function of investment bank to provide exclusive private solutions for our clients.

NTAM's main revenue is generated from providing professional advices to clients and management fees for managing the investment of the clients. As of December 31, 2023, NTAM has approximately US\$346 million assets under its management.

## **Money Transfer Business**

FTFT Finance UK Limited ("FTFT Finance") formerly known as Khyber Money Exchange Ltd. was acquired by FTFT UK in September 2022. It is regulated by UK Financial Conduct Authority ("FCA") for its cross-border money transfer systems and service. FTFT Finance was incorporated in 2009 and is a pioneer in the UK for money remittance services. FTFT Finance provides money transfer services through its platform to transfer money around the world via one of its agent locations or its online portal, mobile platform, or over the phone. FTFT Finance is headquartered in the UK and it has a trade name of FTFT Pay. FTFT Finance's plan is to develop products and services across different regions of the world.

FTFT Finance is a financial platform that enables its customers to send their hard-earned money to their country of origin, or any other country of their liking, with ease and at a reasonable cost, transparent exchange rate and without any hidden charges. We believe our customers and their diverse backgrounds that has helped FTFT Finance to become a credible and trustworthy money remittance business.

Remittance service is a highly saturated market in the United Kingdom and there are many companies that offer remittance services. FTFT Finance has an edge over companies like wise in many different ways, for example, FTFT Finance offers competitive rates for its services and does not charge customer fees for remittance to Pakistan as it receives its rebate from local banks. This approach provides gives us an advantage over our competitors.

According to the Office for National Statistics, the UK economy grew by 0.1% for the year of 2023, and GDP per capita fell by 0.6% for the year of 2023, and the slow-down of UK economy directly cause the decline in the amount and frequency of remittance business which also negatively impacted our business. Also, the exchange rate fluctuation in 2023 is relatively large, which significantly reduced our income.

## **Impact of COVID-19 on our Business**

In December 2019, a novel strain of coronavirus was reported and has spread throughout China and other parts of the world. On March 11, 2020, the World Health Organization characterized the outbreak as a "pandemic". In early 2020, Chinese government took emergency measures to combat the spread of the virus, including quarantines, travel restrictions, and the temporary closure of office buildings and facilities in China. In response to the evolving dynamics related to the COVID-19 outbreak, the Company was following the guidelines of local authorities as it prioritizes the health and safety of its employees, contractors, suppliers and business partners. Our offices in China were closed and the employees worked from home at the end of January 2020 until late March 2020. The quarantines, travel restrictions, and the temporary closure of office buildings and facilities in these cities. In December 2022, the Chinese government eased its strict zero COVID-19 policy which resulted in a surge of new COVID-19 cases during December 2022 and January 2023, which has disrupted our business operations in China. The Company's promotion strategy of CCM Shopping Mall previously mainly relied on the training of members and distributors through meetings and conferences. Chinese government put a restriction on large gatherings in 2020 and 2021, which made the promotion strategy for our online e-commerce platforms difficult to implement and the Company experienced difficulties to subscribe new members for its online e-commerce platforms. Since 2021, CCM generated minimal revenue and business for the Company. The Company started a process to close down its operations in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

While the potential economic impact brought by new variants of COVID-19 may be difficult to assess or predict, a widespread pandemic could result in

significant disruption of global financial markets, reducing our ability to access capital, which could negatively affect our liquidity. Further, as we do not have access to a revolving credit facility, there can be no assurance that we would be able to secure commercial debt financing in the future in the event that we require additional capital. In the event that we do need to raise capital in the future and there is any outbreak due to new variants, outbreak-related instability in the securities markets could adversely affect our ability to raise additional capital.

#### *Discontinued Operations*

On June 27, 2022, Chain Cloud Mall Logistics Center (Shaanxi) Co., Limited was dissolved and deregistered.

On June 16, 2023, QR (HK) Limited was dissolved and deregistered.

On December 5, 2023, FTFT PARAGUAY S.A. was dissolved.

On March 7, 2024, E-Commerce Tianjin was dissolved and deregistered.

#### *Segment Information Reclassification*

The Company's businesses mainly are Supply Chain Financing and Trading Services and Asset Management Services.

#### *Use of Estimates*

The Company's consolidated financial statements have been prepared in accordance with U.S. GAAP and this requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure at contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include the allowance for doubtful accounts receivable, estimated useful life and residual value of property, plant and equipment, impairment of long-lived assets, provision for staff benefit, valuation of change in fair value of warrant liability, recognition and measurement of deferred income taxes and valuation allowance for deferred tax assets. Although these estimates are based on management's knowledge of current events and actions management may undertake in the future, actual results may ultimately differ from those estimates.

#### *Fair Value of Financial Instruments*

On January 1, 2009, the Company adopted FASB Accounting Standard Codification Topic on Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. In February 2008, FASB deferred the effective date of ASC 820 by one year for certain non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company adopted the provisions of ASC 820, except as it applies to those non-financial assets and non-financial liabilities for which the effective date has been delayed by one year.

ASC 820 establishes a three-level valuation hierarchy of valuation techniques based on observable and unobservable input, 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 - Input other than Level 1 that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other input that is observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable input that is supported by little or no market activity and that is 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.

#### *Revenue Recognition*

The Company adopted ASC 606, Revenue from Contracts with Customers, from January 1, 2018. The adoption had no impact on the Company's retained earnings as of January 1, 2018 as well as the Company's financial statements for the year ended December 31, 2019. To achieve that core principle, we apply the five steps defined under Topic 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. We assess its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Revenue is recognized upon the transfer of control of promised goods or services to a customer. Historically, the Company has not had any returned products. Accordingly, no provision has been made for returnable goods. The Company is not required to rebate or credit a portion of the original fee if it subsequently reduces the price of its products.

#### *Foreign Currency and Other Comprehensive Income*

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency; however, the reporting currency of the Company is the United States dollar ("USD"). Assets and liabilities of the Company's foreign subsidiaries have been translated into USD using the exchange rate at the balance sheet date, while equity accounts are translated using historical exchange rate. The average exchange rate for the period has been used to translate revenues and expenses. Translation adjustments are reported separately and accumulated in a separate component of equity (cumulative translation adjustment).

Other comprehensive income for the years ended December 31, 2023 and 2022 represented foreign currency translation adjustments and were included in the consolidated statements of comprehensive income.

There is no guarantee the RMB amounts could have been, or could be, converted into USD at rates used in translation.

#### *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 at the balance sheet date. Deferred income tax liabilities or assets are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and the financial reporting amounts at each period end. A valuation allowance is recognized if it is more likely than not that some portion, or all, of a deferred tax asset will not be realized.

ASC 740 provides guidance for recognizing and measuring uncertain tax positions, and 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. ASC 740 also provides accounting guidance on derecognizing, classification and disclosure of these uncertain tax positions.

#### *Impairment of Long-Lived Assets*

In accordance with the FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. It is reasonably possible that these assets could become impaired as a result of technological or other industrial changes. Determination of recoverability of assets to be held and used is by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the assets.

If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

#### **Recent Accounting Pronouncements**

We have reviewed all the recently issued, but not yet effective, accounting pronouncements and we do not believe any of these pronouncements will have a material impact on the Company. See Note 2. Summary of Significant Accounting Policies, to our Consolidated Financial Statements for a description of applicable recent accounting pronouncements.

#### **Comparison of Operation Results of years ended December 31, 2023 and 2022**

##### *Revenue*

The following table presents our consolidated revenues for our main products and services for the fiscal years 2023 and 2022, respectively, (in thousands):

|                                | Year ended<br>December 31, |                  | Change           |            |
|--------------------------------|----------------------------|------------------|------------------|------------|
|                                | 2023                       | 2022             | Amount           | %          |
| Supply Chain Financing/Trading | \$ 20,769                  | \$ 10,108        | \$ 10,661        | 105.47%    |
| Asset management service       | 12,883                     | 13,631           | (748)            | (5.48)%    |
| Others                         | 1,213                      | 142              | 1,071            | 754.23%    |
| Total                          | <u>\$ 34,865</u>           | <u>\$ 23,881</u> | <u>\$ 10,984</u> | <u>46%</u> |

Revenue increased from \$23.88 million in 2022 to \$34.86 million in 2023, increase of \$10.98million or 46%. The increase in overall revenue was mainly due to increase in revenues generated from sand and steel supply chain financing and trading business as Chinese government eased strict control measures for COVID-19 at the end of 2022 and business and transportation have resumed to normal in early 2023 while there were many lockdowns in 2022.

Asset management service decreased by \$0.75 million from \$13.63 million for the year ended December 31, 2022 to \$12.88 million in the same period of 2023, which mainly due to that clients are cautious on investing stock and other investments during market conditions in the 2023, which has reduced our revenue in asset management fees.

Other revenues increased from \$0.14 million for the year ended December 31, 2022 to \$1.21 million for the same period of 2023, mainly due to the increased cryptocurrency mining service fee to approximately \$0.21 million in 2023 from \$0.05 million in 2022 and the debt recovery consulting service fee of approximately \$0.63 million as well as US dollar bond service income from new acquisitions business during the year ended December 31, 2023 which we did not have such income in 2022.

##### *Gross Margin* (in thousands)

|                                | 2023            |                 | 2022            |                 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                | Gross<br>profit | Gross<br>margin | Gross<br>profit | Gross<br>margin |
| Supply Chain Financing/Trading | \$ 465          | 2.24%           | 339             | 3.35%           |
| Asset management service       | 3,656           | 28.38%          | 4,948           | 36.3%           |
| Others                         | 766             | 63.07%          | 108             | 76.06%          |
| Total                          | <u>\$ 4,887</u> | <u>14.02%</u>   | <u>\$ 5,395</u> | <u>22.59%</u>   |

Overall gross profit decreased from approximately \$5.4 million in 2022 to approximately \$4.9 million in 2023, mainly due to decrease of gross profit from asset management service business as the slow-down in capital market and tough competition in Hong Kong in 2023, which was partially offset by increase of other gross profit, mainly due to new consulting and US dollar bond services as well as increased gross profit for crypto mining service business in 2023 comparing to 2022. Overall gross margin as a percentage of revenue was 14.02% for the year ended 2023, a decrease of 8.57% compared to 22.59% for the same period of last fiscal year, mainly due to more revenues from the supply chain financing and trading service business which had a lower gross margin comparing to asset management service.

## Operating Expenses

The following table presents consolidated operating expenses and operating expenses as a percentage of revenue for 2023 and 2022, respectively, (in thousands):

|                                        | 2023      |              | 2022      |              |
|----------------------------------------|-----------|--------------|-----------|--------------|
|                                        | Amount    | % of revenue | Amount    | % of revenue |
| General and administrative             | \$ 11,456 | 31.82%       | \$ 14,174 | 59.35%       |
| Research and development expenses      | 343       | 0.95%        | 2,672     | 11.19%       |
| Stock compensation expense             | 3,468     | 9.63%        | 1,280     | 5.36%        |
| Selling expenses                       | 599       | 1.66%        | 808       | 3.38%        |
| (Recovery) Provision of doubtful debts | (717)     | (1.99)%      | 26        | 0.11%        |
| Impairment Loss                        | 14,161    | 39.33%       | 3,249     | 13.6%        |
| Total operating expenses               | \$ 29,310 | 81.40%       | \$ 22,209 | 93%          |

General and administrative expenses decreased by \$2.71 million, or 19.18%, from \$14.17 million to \$11.45 million for the year ended 2023, compared to the same period of last fiscal year. The decrease in general and administrative expenses was mainly due to decreased professional service fees for acquisition projects and certain training and consulting fees for the acquired and newly established companies during the year ended December 31, 2023.

Stock compensation expense increased by \$2.18 million during the year ended 2023, compared to the same period of last fiscal year as the Compensation Committee of the Board of Directors (the "Board") of the Company granted more shares of common stock of the Company to certain officers and employees in 2023 which had more value than the shares we granted to the officers, employees and director of the Company in 2022.

Selling expenses decreased by \$0.2 million to \$0.6 million in 2023 as compared to \$0.8 million in 2022, the decrease in selling expenses was mainly due to decrease in selling expenses from our supply chain business.

The Company recorded \$14.16 millions of impairment loss in the year ended December 31, 2023 relating to short term investment and goodwill impairment for NTAM, UK finance and Alpha HK & Alpha Shenzhen.

## Loss from Operations

Loss from operations increased by \$7.61 million to \$24.42 million for 2023 from \$16.81 million for 2022, mainly due to increase in impairment loss and decrease of gross profit.

## Noncontrolling Interests

Shaanxi Chunlv Ecological Agriculture Co., Ltd. ("Shaanxi Chunlv") holds 20.0% interest in Chain Cloud Mall Logistics Center (Shaanxi) Co., Limited, which was dissolved and deregistered on June 27, 2022. Nature Worldwide Resources Ltd. holds 40% interest in DCON DigiPay Limited ("DCON DigiPay"). Each of Bin Wu and Lixiong Huang holds 25% and 20% interest in FTFT Capital Investments L.L.C., respectively. Aspenwood Capital Partner Limited holds 9.52%, Lau kwai Chun holds 9.05%, Cheung Hiu Tung holds 1.9% and Choi Tsz Leung holds 2.38% of equity interest of NATM. Yaohua Dai holds 20% equity interest of Future Fintech Digital Capital.

## Loss per Share

Basic and diluted loss per share from continuing operations were \$2.31 and \$2.31 in fiscal 2023, as compared to \$0.93 and \$0.93 in fiscal 2022, respectively. Basic and diluted loss per share attributable to discontinued operations was \$0.03 and \$0.03 for fiscal year 2023 as compared to basic and diluted income per share \$0.02 and \$0.02 for fiscal year 2022 respectively.

## Liquidity and Capital Resources

As of December 31, 2023, we had cash and cash equivalents of \$19.03 million, a decrease of \$10.63 million, from \$29.66 million as of December 31, 2022. The decrease in cash, cash equivalents was mainly due the loss in operations and the impairment of goodwill for the year ended December 31, 2023 comparing to the same period of 2022.

Our working capital has historically been generated from our operating cash flows, advances from our customers and loans from bank facilities. Our working capital was \$36.76 million as of December 31, 2023, a decrease of \$9.93 million from \$46.69 million as of December 31, 2022, mainly due to a decrease in current assets.

In 2023, net cash used in our operating activities was \$17.22 million compared to net cash used in operating activities of \$2.38 million in 2022. The increase in net cash used by operating activities was primarily due to an increase in impairment of goodwill during the year ended December 31, 2023.

In 2023, net cash provided in our investing activities was \$8.04 million compared to net cash used in operating activities of \$14.19 million in 2022 mainly due to acquisition of a subsidiary and repayment for loan receivable.

In 2023, cash used by financing activities was negative \$1.82 million as compared to cash used in financing activities positive \$0.25 million in 2022. The increase in cash used by financing activities was mainly due to financing from the issuance of convertible note.

## Off-Balance Sheet Arrangements

As of December 31, 2023, we did not have any off-balance sheet arrangements.

## ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

## ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this item is included in the Company's consolidated financial statements beginning on page F-1 of this Annual Report on

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

Not applicable.

### ITEM 9A – CONTROLS AND PROCEDURES

#### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2023.

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The term "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by a company in reports, such as this report, that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2023, due to a material weakness in our internal control over financial reporting., we currently training our staff with the appropriate level of knowledge, experience and training in U.S. GAAP and SEC reporting requirements.

#### *Management's Report on Internal Controls Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of our consolidated financial statements in accordance with U.S. GAAP. Our accounting policies and internal controls over financial reporting, established and maintained by management, are under the general oversight of the Board's audit committee.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Management assessed our internal control over financial reporting as of December 31, 2023.

The standard measures adopted by management in making its evaluation are the measures in the Internal-Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on management's assessment, our CEO and CFO concluded that our internal control over financial reporting as of December 31, 2023 was ineffective. We have taken, and are taking, certain actions to remediate the material weakness related to our lack of U.S. GAAP and SEC reporting experience. We engaged a consultant with U.S. GAAP knowledge and experience to supplement our current internal accounting personnel and assist us in the preparation of our financial statements to ensure that our financial statements are prepared in accordance with U.S. GAAP. We also engaged an internal control consulting firm in July 2023 to review, test and improve our internal accounting controls and internal control over financial reporting. We have adopted and are implementing policies, procedures and practices recommended in the report of the consultant and have arranged training of internal control for our employees and management on disclosure controls and procedures. We believe the measures described above will remediate the material weakness. The Company continues to make efforts to implementing its existing and newly adopted procedures to improve our disclosure controls and internal controls over financing reporting.

#### *Changes to Internal Control over Financial Reporting*

Other than discussed above, there has been no change to our internal control over financial reporting that occurred during the period covered by this annual report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### ITEM 9B – OTHER INFORMATION

None

### ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

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## ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

### Directors and Executive Officers

The following table sets forth as of April 12, 2024, the names, positions and ages of our current executive officers and directors. Our directors serve until the next annual meeting of shareholders or until their successors are elected and qualified. Our officers are elected by the Board and their terms of office are, except to the extent governed by an employment contract, at the discretion of the Board.

| Name of Current Director and/or Executive Officer | Age | Position(s)                                                 |
|---------------------------------------------------|-----|-------------------------------------------------------------|
| Shanchun Huang (1)                                | 58  | Chief Executive Officer ("CEO"), President and Director     |
| Ming Yi (2)                                       | 43  | Chief Financial Officer ("CFO")                             |
| Peng Lei (3)                                      | 46  | Chief Operating Officer ("COO")                             |
| Fuyou Li (4)(5)                                   | 70  | Independent Director and Chairman of the Board of Directors |
| Johnson Lau (4)(6)                                | 50  | Independent Director                                        |
| Mingjie Zhao (4)(7)                               | 58  | Independent Director                                        |
| Ying Li (8)                                       | 35  | Vice President and Director                                 |

(1) Shanchun Huang was appointed as CEO on March 4, 2020 and a member of the Board of Directors of the Company on March 4, 2020. Mr. Huang was also appointed as President on December 4, 2023 to fill the vacancy caused by the death of Mr. Yongke Xue on November 24, 2023.

(2) Ming Yi was appointed as CFO of the Company on November 30, 2020.

(3) Peng Lei was appointed as the COO of the Company on July 28, 2023.

(4) Member of the audit committee and compensation committee.

(5) Fuyou Li was appointed a member of the Board of Directors of the Company on May 8, 2015 and as the Chairman of the Board on June 23, 2021.

(6) Johnson Lau was appointed a member of the Board of Directors of the Company on December 23, 2014.

(7) Mingjie Zhao was appointed a member of the Board of Directors of the Company on July 15, 2020.

(8) Ms. Ying Li was appointed as a member of the Board on June 23, 2021.

#### *Shanchun Huang, Chief Executive officer, President and Director of the Board*

Mr. Shanchun Huang has served as the Chief Executive Officer of the Company and a member of the Board since March 4, 2020 and has served as the President of the Company since December 4, 2023. Mr. Huang has served as the Chairman of the Board of Directors of Mars Acquisition Corp., a Cayman Islands exempted company incorporated as a blank check company (Nasdaq:MARX) from April 2021 to February 6, 2024. Mr. Huang served as the president of Wealth Index (Beijing) Fund Management Co., Ltd., which provides private equity fund management service, from March 2011 to March 2020, and as the president of Wealth Index (Beijing) International Investment Consulting Co., Ltd., which provides investment management and consulting services for non-securities related business, from August 2004 to March 2020. From May 2001 to June 2004, Mr. Huang was the vice president of Zhejiang Geely Holding Group Corporation, a global automobile company headquartered in Hangzhou, China. Mr. Huang graduated from Hefei Staff University of Science and Technology in July 1986, majoring in news collection and editing. The Board believes that Mr. Huang's significant experience in investment and management will be an asset to the Company and the Board.

#### *Ming Yi, Chief Financial Officer*

On November 30, 2020, the Board of the Directors appointed Mr. Ming Yi as the Chief Financial Officer ("CFO") of the Company.

Mr. Yi has served as an independent director of Hudson Capital Inc. (Nasdaq: HUSN) since March 31, 2020. Mr. Yi was the Chief Financial Officer of SSLJ.com Limited from July 2018 to July 2019. From June 2011 to August 2018, Mr. Yi was the Chief Financial Officer and a board member of Wave Sync Corp. (formerly known as China Bio-Energy Corp). From September 2009 to April 2011, he served as a senior manager at Qi He Certified Public Accountants Co. Ltd. From July 2007 to August 2010, Mr. Yi was a senior auditor at Ernst & Young. Mr. Yi received his Bachelor of Science degree in Accounting from School of Business Administrations of Liaoning University in 2004 and his Master of Science degree in Accounting and Finance from Victory University, Australia in 2006. Mr. Yi is a Certified Public Accountant in Australia.

#### *Peng Lei, Chief Operating Officer*

On July 28, 2023, the Company appointed Mr. Peng Lei as the Chief Operating Officer ("COO") of the Company.

Mr. Peng Lei has served as general manager of Future Commercial Management Co., Ltd., a wholly owned subsidiary of the Company since July 2022. From July 2019 to July 2022, Mr. Lei served as the general manager of Xi'an Dingtaiheng Supply Chain Management Co., Ltd. and Ningbo Tielin Supply Chain Management Co., Ltd. From March 2014 to July 2019, Mr. Lei served as a director and general manager of Changan Parking Investment Management (Shanghai) Co., Ltd. From April 2010 to March 2014, Mr. Lei was the manager of Xi'an Zhonglou Sub-branch of Shanghai Pudong Development Bank. Mr. Lei received his Ph.D. degree and master's degree in finance from the School of Economics and Finance of Xi'an Jiaotong University in September 2011 and July 2009, respectively. Mr. Lei received his bachelor's degree in international finance from the School of Management of Xi'an Jiaotong University in July 1999.

#### *Fuyou Li, Director and Chairman of the Board*

Mr. Fuyou Li has served as a member of the Board and a member of the audit and compensation committees of the Board since May 8, 2015. Mr. Li was appointed as the Chairman of the Board on June 23, 2021. Mr. Li graduated from Xi'an Jiaotong University with a doctor's degree in economics. He has taught international finance as a professor at Xi'an Jiaotong University from 2000 to July 2023. The Board believes his qualifications, professional background and expertise in international finance are important to the Company and the Board.

#### *Johnson Lau, Director*

On December 23, 2014, the Board appointed Johnson Lau as a member of the Board of Directors of the Company. Mr. Lau is also the Chairman of Audit

committee of the Board and a member of the Compensation Committee of the Board.

Mr. Lau is the Chief Financial Officer of Beauty Express Group Holdings Limited ("Beauty Express"), a private company in Hong Kong since April 2021. Mr. Lau is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Lau has over 20 years of experience in the accounting profession. Mr. Lau started his career in Deloitte in Hong Kong and Beijing from 1997 to 2004. Prior to joining Beauty Express in 2021, Mr. Lau worked in various public and private companies in the United States, England and Hong Kong as Director of Finance and CFO for over fifteen years. Mr. Lau was the chief financial officer and was subsequently an executive director of Haik Chemical Group Limited, a company listed on the London Stock Exchange (LSE code: HAIK), from December 2006 to March 2009. Mr. Lau subsequently resigned as chief financial officer and was redesignated as a non-executive director of Haik Chemical Group Limited in March 2009 and retired as a non-executive director in January 2010. From April 2009, Mr. Lau was employed by Auto China International Limited, a company listed on the NASDAQ Capital Market and subsequently quoted on the OTC Markets (OTC: AUTCF) as chief financial officer. He was redesignated as the director of finance in July 2009 and subsequently departed in June 2013. From June 2010 to January 2013, Mr. Lau was an independent director of Lizhan Environmental Corporation. Mr. Lau was the chief financial officer of Troops, Inc. (NASDAQ: TROO, formerly known as SGOCO Group Ltd.) from July 2013 to June 2015. Mr. Lau was the chief financial officer of China Golden Classic Group Limited (HKEX: 8281.HK) from July 2015 to July 2018. Mr. Lau was the chief financial officer of Dafy Holdings Limited (HKEX: 1826.HK) from August 2018 to October 2019. Mr. Lau was the chief financial officer of a Hong Kong incorporated private company from November 2019 to February 2021. He was an independent non-executive director of Winshine Science Company Limited (HKEX: 209.HK) from October 2017 to April 2019. Mr. Lau holds a bachelor's degree in commerce from Monash University, Australia. The Board believes that Mr. Lau's extensive knowledge and experience in accounting and his public company experience is important to the Company's internal controls and financial reporting and its status as a US publicly traded company.

#### Mingjie Zhao, Director

Mr. Mingjie Zhao was appointed as a member of the Board and Chairman of the Compensation Committee and a member of Audit Committee of the Board on July 15, 2020. Mr. Zhao has served as a director of New York Hua Yang, Inc. since April 2018. From July 2016 to March 2018, Mr. Zhao served as Chief Executive Officer of TD Holdings, Inc. (formerly known as China Commercial Credit Inc. and Nasdaq: GLG). Mr. Zhao was the Chief Operating Officer and a director of New York Hua Yang, Inc. from September 2011 to July 2016. Mr. Zhao obtained his Master of Business Administration degree from University of Bridgeport in Connecticut in May 2003 and his Bachelor of Science degree from China Eastern Normal University in Shanghai, China in July 1985. The Board believes that Mr. Zhao's experience and extensive knowledge in management and public company is essential to the Company.

#### Ying Li, Director and Vice President

Ms. Ying Li was appointed as a member of the Board on June 23, 2021 and she has served as a director of Alpha International Securities (HONG KONG) Limited since September 9, 2020 and as a director of Alpha International Financial Holdings Limited since February 5, 2020. The Company acquired FTFT International Securities and Futures Limited in November 2023 and changed its name to FTFT International Securities and Futures Limited. Ms. Li has served as the vice president of the Company and a director of Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company since July 2016. From October 2011 to December 2019, Ms. Li served as the secretary of the Board of the Company. Ms. Li received her bachelor's degree in English from Xi'an International Studies University in July 2010. The Board believes that Ms. Li's extensive business and operational knowledge of the Company qualifies her as a member of the Board.

All of our directors and officers reside outside of the United States, except for Mr. Mingjie Zhao and Ying Li. Mr. Peng Lei, Mr. Ming Yi and Fuyou Li reside in China, Mr. Shanchuan Huang resides in the U.K. and Mr. Johnson Lau resides in Hong Kong.

#### Board Diversity Matrix

| Board Diversity Matrix (As of April 12, 2024) |        |      |            |                         |
|-----------------------------------------------|--------|------|------------|-------------------------|
| Total Number of Directors                     | 5      |      |            |                         |
|                                               | Female | Male | Non-Binary | Did Not Disclose Gender |
| <b>Part I: Gender Identity</b>                |        |      |            |                         |
| Directors                                     | 1      | 4    | 0          | 0                       |
| <b>Part II: Demographic Background</b>        |        |      |            |                         |
| Asian (other than South Asian)                |        |      | 5          |                         |

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that directors, certain officers of the Company and ten percent shareholders file reports of ownership and changes in ownership with the Commission as to the Company's securities beneficially owned by them. Such persons are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of copies of such forms received by the Company, or on written representations from certain reporting persons, the Company believes that, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent shareholders were complied with during the fiscal year ended December 31, 2023, except for the following: Mr. Shanchun Huang, the CEO of the Company, did not file a Form 4 for the grant of stock award for 200,000 shares on December 23, 2023 until January 2, 2024; Mr. Peng Lei, Chief Operating Officer ("COO") of the Company, did not file Form 3 for appointed as COO of the Company and Form 4 for the grant of stock award for 40,000 shares on December 23, 2023 until April 5, 2024; and Mr. Zeyao Xue, a 10% more shareholder did not file Form 4 for three transactions that occurred on August 3, 2023 and December 11, 2024, respectively, until April 5, 2024.

#### Code of Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics is available on our website at [www.ftft.com](http://www.ftft.com) and may be found by first clicking on "Investors," then "Corporate Governance" and then "Governance Documents." We intend to disclose any amendments to the code, or any waivers of its requirements, on our website.

#### Committees of the Company's Board of Directors

The Board held 11 regularly scheduled and special meetings during fiscal year 2023. All of the directors attended (in person or by telephone) all of the Board meetings and any committees of the Board on which they served during the fiscal year. Directors are expected to use their best efforts to be present at the shareholders annual meeting. All of our directors attended the December 5, 2023 shareholders annual meeting by tele-conference or in person.

#### *Audit Committee*

On April 25, 2008, the Board formed an audit committee. Messrs. Lau, Li and Zhao currently serve on the audit committee, which is chaired by Mr. Lau. Each member of the audit committee is "independent" as that term is defined in the rules of the SEC and within the meaning of such term as defined under the rules of the NASDAQ Capital Market. The Board has determined that each audit committee member has sufficient knowledge in financial and auditing matters to serve on the audit committee. The audit committee held 3 meetings during fiscal year 2023, and all audit committee members attended each of those meetings. Our Board has determined that Mr. Lau is an "audit committee financial expert," as defined under the applicable SEC rules. The audit committee has a written charter, which is available on the Company's website at <http://www.fttf.com>.

Management is responsible for the Company's internal controls and the financial reporting process. The independent accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and issuing reports thereon. The audit committee's responsibility is to monitor these processes. The audit committee meets with management, the leader of the internal audit function, and the independent accounting firm to facilitate communication. In addition, the audit committee appoints the Company's independent accounting firm and pre-approves all audit and non-audit services to be performed by the independent accounting firm.

#### *Compensation Committee*

On April 25, 2008, the Board formed a compensation committee. Messrs. Lau, Li and Zhao currently serve on the compensation committee, which is chaired by Mr. Zhao. Each member of the compensation committee is "independent" as that term is defined in the SEC rules and within the meaning of such term as defined under the rules of the NASDAQ Capital Market, a "nonemployee director" for purposes of Section 16 of the Exchange Act. No interlocking relationship exists between the Board or the compensation committee and the Board or compensation committee of any other company, nor has any interlocking relationship existed during the last fiscal year. The compensation committee held 4 meetings during fiscal year 2023. The compensation committee has a written charter, which is available on the Company's website at <http://www.fttf.com/>.

Our Board has delegated to the compensation committee the responsibility, among other things, to determine any and all compensation payable to our executive officers, including annual salaries, incentive compensation, long-term incentive compensation and any other compensation, and to administer our equity and incentive compensation plans applicable to our executive officers. Decisions regarding executive compensation made by the compensation committee are considered final and are not generally subject to Board review or ratification. Under the terms of its written charter, the compensation committee has the power and authority to delegate any of its duties and responsibilities to subcommittees as the compensation committee may deem appropriate in its sole discretion. Historically, the compensation committee has not generally delegated any of its duties and responsibilities to subcommittees, but rather has taken such actions as a committee, as a whole. Deliberations and decisions by the compensation committee concerning executive officers are made by the compensation committee, without the presence of the any executive officer of the Company.

#### *Other Committees*

The Board may on occasion establish other committees, as it deems necessary or required. We do not currently have a standing nominating committee, or a committee performing similar functions. The full Board currently serves this function. Our directors believe that it is not necessary to have such committees, at this time, because the functions of such committees can be adequately performed by the Board. The independent directors of the Board will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment by the Board. Other than the Rule 14a-19 under the Exchange Act, there have been no material changes to the procedures by which security holders may recommend nominees to the Board.

#### **Board Leadership Structure**

Our Board of Directors is currently comprised of five members, including three independent directors who serve as members of our audit committee and compensation committee. Our Board leadership structure consists of a Chairman of the Board. Currently, Mr. Fuyou Li, an independent director, serves as Chairman of the Board. The Board of Directors believes that this leadership structure, with Mr. Li serving as the Chairman and Mr. Shanchun Huang serving as Chief Executive Officer, is appropriate at this time because it enables the Board, as a whole, to engage in oversight of management, promote communication and collaboration between management and the Board, and oversee governance matters, while allowing our Chief Executive Officer to focus on his primary responsibility, the operational leadership and strategic direction of the Company. In addition to chairing the Board, Mr. Li is a member of the Audit and Compensation Committees.

Board independence and oversight of the senior management of the Company are enabled by the presence of independent directors who have a wide range of expertise and skills and have oversight over critical functions of the Company, such as the review of business development, evaluation and compensation of executive management, the nomination of directors. Our independent directors collectively provide additional strength and balance to our Board leadership structure.

#### **Compensation Committee Interlocks and Insider Participation**

None of the Company's executive officers has served as a member of a compensation committee, or other committee serving an equivalent function, of any other entity whose executive officers serve as a director of the Company or member of the Company's compensation committee.

#### **Family Relationships**

There are no family relationships between any current executive officer or director of the Company.

### **ITEM 11 – EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

##### *Compensation Objectives*

We operate in a highly competitive and rapidly changing industry. The key objectives of our executive compensation programs are to:

- attract, motivate and retain executives who drive our success and industry leadership; and provide executive officers, with a salary and/or stock award on the market value of that role, and
- the individual's demonstrated ability to perform that role.

### *Stock Incentive Plans*

The Board of Directors of the Company approved and adopted the Future FinTech Group Inc. 2020 Omnibus Equity Plan (the "2020 Equity Plan") on October 27, 2020, which was approved by the shareholders at the shareholders annual meeting on December 18, 2020. The 2020 Equity Plan has a total of 5,000,000 shares of Common Stock. The Company grant the 1,953,000 shares under 2020 Equity Plan to sixteen officers and employees of the Company on July 12, 2021, including 500,000 shares to Shanchun Huang, Chief Executive Officer of the Company; 300,000 shares to Yongke Xue, President of the Company; 20,000 shares to Ming Yi, Chief Financial Officer of the Company, and 40,000 shares to Yang Liu, Chief Operating Officer of the Company. On July 12, 2022, the Company granted 3,047,000 shares under the 2020 Equity Plan, to six officers and employees of the Company and its subsidiaries, including: 800,000 shares to Shanchun Huang, Chief Executive Officer of the Company, 800,000 shares to Yongke Xue, President of the Company, and 100,000 shares to Ming Yi, Chief Financial Officer of the Company. As of December 31, 2022, no shares of stock available for award under the 2020 Equity Plan. (All the share numbers stated here are before the 1 for 5 reverse stock split effected in February 2023)

The Board of Directors of the Company approved and adopted the Future FinTech Group Inc. 2023 Omnibus Equity Plan (the "2023 Equity Plan") on October 12, 2023, which was approved by the shareholders at the shareholders annual meeting on December 5, 2023. The 2023 Equity Plan has a total of 5,000,000 shares of Common Stock. On December 23, 2023 (the "Grant Date"), the Compensation Committee of the Board of Directors (the "Board") of the Company granted stock awards of 2,890,000 shares of common stock of the Company, pursuant to the Company's 2023 Equity Plan, to sixteen officers and employees of the Company and its subsidiaries (the "Grantees"), including: 200,000 shares to Shanchun Huang, Chief Executive Officer and President of the Company, 40,000 shares to Peng Lei, Chief Operating Officer of the Company, and 30,000 shares to Hoo Lee, Corporate Secretary of the Company (collectively, the "Grants"). The Grants vested immediately on the Grant Date and each of the Grantees also entered into an Unrestricted Stock Award Agreement with the Company on December 23, 2023. As of December 31, 2023, there were 2,110,000 shares authorized for issuance under stock incentive plans of the Company.

We believe that the future success of the Company depends, in large part, upon the ability of the Company to maintain a competitive position in attracting, retaining and motivating key personnel.

### *What Our Executive Compensation Program is Designed to Reward*

Our executive compensation program is designed to reward each individually named executive officer's contribution to the advancement of our overall performance and execution of our goals, ideas and objectives. It is designed to reward and encourage exceptional performance at the individual level in the areas of organization, creativity and responsibility while supporting our core values and ambitions. This in turn aligns the interest of our executive officers with the interests of our shareholders, and thus with our interests.

### *Determining Executive Compensation*

The Board's compensation committee reviews and approves the compensation for executive officers annually. The compensation committee considers the overall performance of the past year and the financial and operating plans for the upcoming year in determining the compensation for the executive officers.

A named executive officer's base salary is determined by an assessment of his/her sustained performance against individual job responsibilities, including, where appropriate, the impact of his/her performance on our business results, current salary in relation to the salary range designated for the job, experience and mastery, and potential for advancement. The compensation committee also annually reviews market compensation levels with comparable jobs in the industry to determine whether the total compensation for our officers remains in the targeted median pay range.

### *Role of Executive Officers in Determining Executive Compensation*

The compensation committee determines the compensation for the CEO, which is based on various factors, such as level of responsibility and contributions to our performance. The CEO recommends the compensation for our executive officers (other than the compensation of the CEO) to the compensation committee. The compensation committee reviews the recommendations made by the CEO and determines the compensation of the CFO and the other executive officers.

### *Employment Agreements*

We did not have an employment agreement with our Mr. Yongke Xue when he served as our CEO. On June 24, 2021, we entered into an Employment Agreement with Mr. Xue upon his appointment as the president of the Company. The Employment Agreement has a term of one year and Mr. Xue receives compensation in the amount of \$1 per year, which was renewed with the same terms in June 2022. Mr. Yongke Xue passed away on November 24, 2023.

We entered into an Employment Agreement with our CEO, Mr. Shanchun Huang, on March 7, 2020 with a term of one year, which was renewed until March 7, 2024. Mr. Huang receives compensation in the amount of \$1 per year. On December 4, 2023, the Board of Directors of the Company appointed Mr. Shanchun Huang, the Chief Executive Officer of the Company, as the President of the Company to fill the vacancy caused by the death of Mr. Yongke Xue on November 24, 2023. On January 1, 2024, the Company entered into an Employment Agreement (the "Agreement") with Mr. Shanchun Huang, the Company's Chief Financial Officer and President, for serving in such positions of the Company. The Agreement has a term for one-year, subject to renewal. Under the terms of the Agreement, Mr. Huang will receive a salary of \$15,250 per month before tax and will be eligible for an annual cash bonus in the Board's sole discretion.

On November 16, 2020, the Company entered into an employment agreement with Mr. Yang Liu as COO of the Company and the term of the agreement is for one (1) year, which has been renewed until November 16, 2023. The agreement provides that Mr. Liu receives compensation in the amount of \$1 per year. On July 27, 2023, Mr. Yang Liu resigned from his position as the COO of the Company, effective on July 28, 2023. On July 28, 2023, the Board of Directors of the Company appointed Mr. Peng Lei as the COO of the Company. In connection with his appointment as COO, the Company entered into an employment agreement (the "Agreement") with Mr. Peng Lei on August 1, 2023. The Agreement provides that Mr. Lei will receive compensation in the

amount of \$50,000 per year before tax and the term of the Agreement is for one (1) year.

On December 1, 2020, the Company entered into an employment agreement with Mr. Ming Yi as CFO of the Company and the term of the agreement is for one (1) year, which has been renewed until December 1, 2024. The agreement provides that Mr. Yi receives compensation in the amount of \$4,000 per month before tax.

#### Summary Compensation of Named Executive Officers

Our executive officers do not receive any compensation from the Company for also serving as directors of the Company. The following table sets forth information concerning cash and non-cash compensation paid by the Company to our named executive officers for the years ended December 31, 2023 and 2022.

| Name and Principal Position | Year Ended | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards | Non-Equity Incentive Plan Compensation (\$) | Non-Qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------------|------------|-------------|------------|-------------------|---------------|---------------------------------------------|---------------------------------------------------|-----------------------------|------------|
| Yongke Xue (1)              | 12/31/2023 | \$ 4,683    | -          | -                 | -             | -                                           | -                                                 | -                           | \$ 4,683   |
|                             | 12/31/2022 | \$ 5,352    | -          | 336,000           | -             | -                                           | -                                                 | -                           | \$ 341,352 |
| Shanchun Huang (2)          | 12/31/2023 | \$ 1        | \$ -       | \$ 248,000        | -             | -                                           | -                                                 | -                           | \$ 248,001 |
|                             | 12/31/2022 | \$ 1        | -          | 336,000           | -             | -                                           | -                                                 | -                           | \$ 336,001 |
| Ming Yi (3)                 | 12/31/2023 | \$ 44,276   | \$ -       | -                 | -             | -                                           | -                                                 | -                           | \$ 44,276  |
|                             | 12/31/2022 | \$ 48,000   | -          | 42,000            | -             | -                                           | -                                                 | -                           | \$ 90,000  |
| Kai Xu (4)                  | 12/31/2022 | \$ 35,682   | -          | \$ 210,000        | -             | -                                           | -                                                 | -                           | 223,462    |
| Peng Lei (5)                | 12/31/2023 | \$ 51,213   | -          | \$ 49,600         | -             | -                                           | -                                                 | -                           | \$ 100,813 |
|                             | 12/31/2022 | \$ 53,582   | -          | 229,740           | -             | -                                           | -                                                 | -                           | \$ 283,322 |

(1) On March 4, 2020, Mr. Yongke Xue resigned as the CEO of the Company and on June 23, 2021, Mr. Xue was appointed as the president of the Company. The compensation committee of the Board granted him a stock award for 160,000 shares of common stock of the Company under 2020 Equity Plan on July 12, 2022. Mr. Yongke Xue passed away on November 24, 2023.

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(2) On March 4, 2020, Mr. Shanchun Huang was appointed as the CEO of the Company. The compensation committee of the Board granted him a stock award for 200,000 shares of common stock of the Company under 2023 Equity Plan on December 23, 2023 and a stock award for 160,000 shares of common stock of the Company under 2020 Equity Plan on July 12, 2022.

(3) On November 30, 2020, the Board of the Directors appointed Mr. Ming Yi as the CFO of the Company. The compensation committee of the Board granted him a stock award for 20,000 shares of common stock of the Company under 2020 Equity Plan on July 12, 2022.

(4) On February 28, 2019, the board of directors appointed Mr. Kai Xu as the COO of the Company. Since February 2020, Mr. Xu has no longer served as the COO of the Company, and he continues to serve as deputy general manager in a subsidiary of the Company and the vice president of blockchain division of the Company. The compensation committee of the Board granted him a stock award for 100,000 shares of common stock of the Company under 2020 Equity Plan on July 12, 2022.

(5) The compensation committee of the Board granted him a stock award for 109,400 shares of common stock of the Company under 2020 Equity Plan on July 12, 2022. Mr. Peng Lei served as general manager of Future Commercial Management Co., Ltd., a wholly owned subsidiary of the Company since July 2022 and was appointed as COO of the Company on July 28, 2023. On December 23, 2023, the compensation committee of the Board granted him a stock award of 40,000 shares of common stock of the Company under 2023 Equity Plan.

\* All share granted before January 31, 2023 have been retroactively restated to reflect Reverse Stock Split effected on February 1, 2023.

#### Outstanding Equity Awards at December 31, 2023

No outstanding equity awards held by named executive officers as of December 31, 2023.

#### Compensation of Directors

The following table sets forth information concerning cash and non-cash compensation paid by us to our directors during 2023.

| Name             | Fees Paid in Cash (\$) | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation (\$) | Non-Qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|------------------|------------------------|--------------|---------------|---------------------------------------------|---------------------------------------------------|-----------------------------|------------|
| Shanchun Huang   | \$ —                   | —            | —             | —                                           | —                                                 | —                           | \$ —       |
| Ying Li          | \$ —                   | —            | —             | —                                           | —                                                 | —                           | \$ —       |
| Fuyou Li (1)     | \$ 18,000              | —            | —             | —                                           | —                                                 | —                           | \$ 18,000  |
| Johnson Lau (2)  | \$ 25,000              | —            | —             | —                                           | —                                                 | —                           | \$ 25,000  |
| Mingjie Zhao (3) | \$ 25,000              | —            | —             | —                                           | —                                                 | —                           | \$ 25,000  |

(1) On May 8, 2015, the Board appointed Mr. Fuyou Li as a member of the Board of Directors and a member of both the audit committee and compensation committee. Before June 30, 2021, Mr. Li was entitled for \$8,850 per annum as compensation for his service as director of the Company and a member of the audit committee and compensation committee. On June 23, 2021, the Board appointed Mr. Fuyou Li as the Chairman of the Board and his annual compensation increased to \$18,000 after June 30, 2021.

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- (2) On December 23, 2014, the Board appointed Johnson Lau as a member of the Board of Directors of the Company and he currently serves as the Chairman of Audit Committee and a member of Compensation Committee of the Board. Mr. Lau is entitled for \$25,000 per annum as compensation for his current services as a director of the Company and chair of the audit committee and a member of compensation committee.
- (3) On July 15, 2020, the Board appointed Mr. Mingjie Zhao as a member of the Board and Chairman of the Compensation Committee and a member of Audit Committee of the Board. Mr. Zhao is entitled for \$25,000 per annum as compensation for his current services as a director of the Company and chair of the compensation committee and a member of audit committee.

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

### Security Ownership of Certain Beneficial Owners and Management

The following table provides information concerning beneficial ownership of our capital stock as of April 12, 2024, by:

- each shareholder or group of affiliated shareholders who owns more than 5% of our outstanding capital stock;
- each of our named executive officers;
- each of our directors; and all of our directors and
- executive officers as a group.

The following table lists the number of shares and percentage of shares beneficially owned based on 19,985,410 shares of our Common Stock outstanding as of April 12, 2024.

Beneficial ownership is determined in accordance with the SEC rules, and generally includes voting power and/or investment power with respect to the securities held. Shares of Common Stock subject to options and warrants currently exercisable or exercisable within 60 days of April 12, 2024 or issuable upon conversion of convertible securities which are currently convertible or convertible within 60 days of April 12, 2024 are deemed outstanding and beneficially owned by the person holding those options, warrants or convertible securities for purposes of computing the number of shares and percentage of shares beneficially owned by that person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons or entities named have sole voting and investment power with respect to all shares of our Common Stock shown as beneficially owned by them.

Unless otherwise indicated in the footnotes, the principal address of each of the shareholders, named executive officers, and directors below is c/o Future FinTech Group, Inc., Americas Tower, 1177 Avenue of The Americas, Suite 5100, New York, NY 10036.

### Shares Beneficially Owned

| Name of Beneficial Owner                                                        | Number           | Percent      |
|---------------------------------------------------------------------------------|------------------|--------------|
| <b>Directors and Named Executive Officers</b>                                   |                  |              |
| Shanchun Huang                                                                  | 460,000          | 2.3%         |
| Ming Yi                                                                         | 24,000           | *%           |
| Ying Li                                                                         | -                | -            |
| Mingjie Zhao                                                                    | -                | -            |
| Peng Lei                                                                        | 149,400          | *%           |
| Fuyou Li                                                                        | -                | -            |
| Johnson Lau                                                                     | -                | -            |
| <b>All current directors and name executive officers as a group (8 persons)</b> | <b>633,400</b>   | <b>3.2%</b>  |
| <b>5% or Greater Shareholders</b>                                               |                  |              |
| Zeyao Xue (1)                                                                   | 3,652,850        | 18.3%        |
| <b>All 5% or Greater Shareholders</b>                                           | <b>3,652,850</b> | <b>18.3%</b> |

\* Less than 1%

- (1) Including 3,322,757 shares directly owned by Mr. Zeyao Xue and 330,093 shares indirectly and beneficially owned by Mr. Zeyao Xue, which consists of (i) 293,416 shares that are directly owned by Golden Dawn International Limited ("Golden Dawn"), a British Virgin Islands company and (ii) 36,677 shares that are directly owned by China Tianren Organic Food Holding ("China Tianren"). Mr. Zeyao Xue holds all of the issued and outstanding capital stock of Fancylight Limited, which is an indirect 100% owner of Golden Dawn and China Tianren. As such, Mr. Zeyao Xue holds the beneficial ownership of shares owned by Golden Dawn and China Tianren. The address of Zeyao Xue is No.3, Xijuyuan Xiang, Lianhu District, Xi'an City, Shaanxi Province, China.

## ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For details of related party transactions, see Note 19 "Related Party Transaction" to our consolidated financial statements.

### Director Independence

We currently have five directors. Three of our current directors, Messrs. Johnson Lau, Fuyou Li and Mingjie Zhao, have been determined by our Board to be "independent directors" as defined under the rules of the NASDAQ Capital Market, constituting a majority of independent directors of the Board as required by the rules of the NASDAQ Capital Market.

## ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table shows the fees that we paid or accrued for audit and other services for fiscal years 2023 and 2022. All of the services described in the following fee table were approved in conformity with the audit committee's pre-approval process.

### Audit Fees

|                | 2023              | 2022              |
|----------------|-------------------|-------------------|
| Audit Fees     | \$ 312,000        | \$ 280,000        |
| Tax Fees       | —                 | —                 |
| All Other Fees | 78,350            | —                 |
| Total          | <u>\$ 390,350</u> | <u>\$ 280,000</u> |

## Audit Fees

The amounts set forth opposite "Audit Fees" above reflect the aggregate fees billed or billable by auditors Onestop Assurance PAC ("Onestop Assurance") and Fortune CPA Inc. ("Fortune CPA") for the audit of our annual consolidated financial statements, review of quarterly financial information and audit services that are normally provided by the principal accountant in connection with regulatory filings or engagements.

Onestop Assurance provided professional services for the audit of our fiscal year 2022 financial statements and \$280,000 was paid to Onestop Assurance for audit of our fiscal year 2022 financial statements and \$78,350 was paid in 2023 for review annual report and Form S-8.

Fortune CPA provided professional services for the audit of our fiscal year 2023 financial statements and \$312,000 was paid to Fortune CPA for audit of our fiscal year 2023 financial statements.

## Tax Fees

The Board audit committee's policy is to pre-approve all audit services and all non-audit services that our independent accountants are permitted to perform for us under applicable federal securities regulations. The audit committee's policy utilizes an annual review and general pre-approval of certain categories of specified services that may be provided by the independent accountant, up to pre-determined fee levels. Any proposed services not qualifying as a pre-approved specified service, and pre-approved services exceeding the pre-determined fee levels, require further specific pre-approval by the audit committee. The audit committee has delegated to the Chairman of the audit committee the authority to pre-approve audit and non-audit services proposed to be performed by the independent accountants. Our audit committee was established in April 2008. All the services provided by our auditors in fiscal years 2023 were pre-approved by the audit committee.

## Changes in Registrant's Certified Accountant

On August 2, 2023, the Audit Committee of the Board of Directors of Future FinTech Group, Inc. (the "Company") dismissed Onestop Assurance PAC ("Onestop Assurance") as the Company's independent registered public accounting firm, effective immediately.

Onestop Assurance' audit reports on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2022 and December 31, 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, except that the audit reports on the consolidated financial statements of the Company for the fiscal years ended December 31, 2022 and December 31, 2021 contained an uncertainty about the Company's ability to continue as a going concern.

During the Company's two fiscal years of 2022 and 2021 and in the subsequent interim period through August 1, 2023, there were (i) no disagreements between the Company and Onestop Assurance 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 Onestop Assurance, would have caused Onestop Assurance to make reference to the subject matter of the disagreement in their reports on the financial statements for such years, and (ii) no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

On August 2, 2023, the Audit Committee of the Board of Directors of the Company approved the engagement of Fortune CPA, Inc. ("Fortune CPA") as the Company's independent registered public accounting firm, effective immediately. The Audit Committee also approved Fortune CPA to act as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2023.

During the Company's two fiscal years of 2022 and 2021 and through August 1, 2023, neither the Company nor anyone on its behalf consulted Fortune CPA regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the consolidated financial statements of the Company; or (ii) any matter that was either the subject of a disagreement or a reportable event as described above; and there was neither a written report nor was oral advice provided to the Company by Fortune CPA that was an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issue.

The Company reported its change in auditors in Current Report on [Form 8-K](#), filed on August 8, 2023.

## PART IV

### ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) (1) FINANCIAL STATEMENTS:

The following documents are filed as part of or are included in this Annual Report:

1. Financial statements listed in the Index to Financial Statements, filed as part of this Annual Report beginning on page F-1; and
2. Exhibits

#### (b) EXHIBITS:

### Exhibit Index

| Exhibit Number | Description                                                                                                                                                                                                                                                                                                                                                          |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1            | <a href="#">Share Exchange Agreement, dated as of February 22, 2008 by and among Pacific Industry Holding Group Co., Ltd., "Pacific," Terrence Leong, SkyPeople Fruit Juice, Inc., the "Registrant," and the shareholders of Pacific. Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed with the Commission on February 28, 2008.</a> |
| 3.1            | <a href="#">Second Amended and Restated Articles of Incorporation, dated June 6, 2017. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Commission on June 9, 2017.</a>                                                                                                                                                     |
| 3.2            | <a href="#">Certificate of Designations, Preferences and Rights of the Registrant's Series A Convertible Preferred Stock. Incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Commission on February 28, 2008.</a>                                                                                                                               |
| 3.3            | <a href="#">Certificate of Designations, Preferences, Rights and Limitations of the Registrant's Series B Convertible Preferred Stock. Incorporated by reference to Exhibit 3.2 to the Form 8-K filed with the Commission on February 28, 2008.</a>                                                                                                                  |
| 3.4            | <a href="#">Amended and Restated Bylaws, dated June 6, 2017. Incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed with the Commission on June 9, 2017.</a>                                                                                                                                                                               |
| 3.5            | <a href="#">Articles of Amendment to the Articles of Incorporation of the Registrant filed with the Department of State of Florida on March 10, 2016. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Commission on March 15, 2016.</a>                                                                                    |
| 3.6            | <a href="#">Articles of Amendment to the Articles of Incorporation of the Registrant filed with the Department of State of Florida on March 14, 2018. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Commission on March 16, 2018.</a>                                                                                    |
| 3.7            | <a href="#">Articles of Amendment to the Articles of Incorporation of the Registrant filed with the Department of State of Florida on March 18, 2021. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Commission on March 23, 2021.</a>                                                                                    |
| 3.8            | <a href="#">Articles of Amendment to the Second Amended and Restated Articles of Incorporation of the Registrant filed with Department of State of Florida on January 26, 2023. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the Commission on January 31, 2023.</a>                                                        |
| 4.1            | <a href="#">Form of Warrant. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the Commission on April 13, 2017.</a>                                                                                                                                                                                                             |
| 4.2            | <a href="#">Form of Placement Agent Warrant. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed with the Commission on December 28, 2020.</a>                                                                                                                                                                                          |
| 4.3            | <a href="#">Description of Securities of the Registrant registered under Section 12 of the Securities Exchange Act of 1934, as amended.*</a>                                                                                                                                                                                                                         |

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| Exhibit Number | Description                                                                                                                                                                                                                                                                                                                                        |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1           | <a href="#">Indemnification Agreement. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on July 14, 2011.</a>                                                                                                                                                                                 |
| 10.2           | <a href="#">Exclusive Operation and Use Rights Authorization Letter by Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd., dated July 31, 2019. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>                                                              |
| 10.3           | <a href="#">Exclusive Technology Consulting and Service Agreement by and between Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd. and Chain Cloud Mall E-commerce (Tianjin) Co., Ltd. dated July 31, 2019. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a> |
| 10.4           | <a href="#">Exclusive Purchase Option Agreement by and among Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd., Chain Cloud Mall E-commerce (Tianjin) Co., Ltd. Zeyao Xue and Kai Xu, dated July 31, 2019. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>  |
| 10.5           | <a href="#">Equity Pledge Agreement by and among by and among Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd., Chain Cloud Mall E-commerce (Tianjin) Co., Ltd. and Zeyao Xue, dated July 31, 2019. Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>        |
| 10.6           | <a href="#">Equity Pledge Agreement by and among by and among Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd., Chain Cloud Mall E-commerce (Tianjin) Co., Ltd. and Kai Xu, dated July 31, 2019. Incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>           |
| 10.7           | <a href="#">Power of Attorney issued by Zeyao Xue, dated July 31, 2019. Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>                                                                                                                                               |
| 10.8           | <a href="#">Power of Attorney issued by Kai Xu, dated July 31, 2019. Incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed with the Commission on August 6, 2019.</a>                                                                                                                                                  |
| 10.9           | <a href="#">Consulting Service Agreement by and between Future FinTech Group Inc. and Dragon Investment Holding Limited (Malta) dated January 25, 2020. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on January 29, 2020.</a>                                                             |
| 10.10          | <a href="#">Director Agreement by and between Future FinTech Group Inc. and Mingjie Zhao dated July 15, 2020. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on July 17, 2020.</a>                                                                                                          |

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| Exhibit Number | Description                                                                                                                                                                                                                                                                                                  |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.11          | <a href="#">Share Purchase Agreement by and between FTFT UK Limited and Rahim Shah dated September 1, 2021. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on September 7, 2021.</a>                                                                  |
| 10.12          | <a href="#">Collateral Deed by and between FTFT UK Limited and Rahim Shah dated September 1, 2021. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Commission on September 7, 2021.</a>                                                                           |
| 10.13          | <a href="#">FTFT North American Ohio Cryptocurrency Mining Farm Cooperation Agreement by and between Future FinTech Group Inc. and APC Service Ltd. dated December 13, 2021. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on December 17, 2021.</a> |
| 10.14          | <a href="#">Form of Unrestricted Stock Award Agreement by and between Future FinTech Group Inc. and Grantees dated on July 12, 2022. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on July 15, 2022.</a>                                             |
| 10.15          | <a href="#">Share Transfer Agreement by and between Future FinTech (Hong Kong) Limited and Alpha Financial Limited dated February 27, 2023. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on March 1, 2023.</a>                                      |
| 10.16          | <a href="#">Employment Agreement by and between the Company and Peng Lei dated August 1, 2023. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on August 2, 2023.</a>                                                                                  |
| 10.17          | <a href="#">Form of Unrestricted Stock Award Agreement by and between Future FinTech Group Inc. and Grantees dated on December 23, 2023. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on December 26, 2023.</a>                                     |
| 10.18          | <a href="#">Securities Purchase Agreement by and between Future FinTech Group, Inc. and Streeterville Capital, LLC, dated December 27, 2023. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on December 27, 2023.</a>                                 |
| 10.19          | <a href="#">Convertible Promissory Note, issued by Future FinTech Group, Inc. to Streeterville Capital, LLC, dated December 27, 2023. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the Commission on December 27, 2023.</a>                                        |

|         |                                                                                                                                                                                                               |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.20   | <a href="#">Form of Securities Purchase Agreement dated January 5, 2024. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on January 8, 2024.</a>        |
| 10.21   | <a href="#">Amendment to Convertible Promissory Note dated February 11, 2024. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on February 14, 2024.</a> |
| 14.1    | <a href="#">Code of Business Conduct and Ethics*</a>                                                                                                                                                          |
| 16.1    | <a href="#">Letter from Onestop Assurance PAC to SEC, dated August 8, 2023. Incorporated by reference to Exhibit 16.1 to our Current Report on Form 8-K filed with the Commission on August 10, 2023.</a>     |
| 19.1    | <a href="#">Insider Trading Policy*</a>                                                                                                                                                                       |
| 21.1    | <a href="#">Description of Subsidiaries of the Registrant*</a>                                                                                                                                                |
| 23.1    | <a href="#">Consent of Onestop Assurance PAC*</a>                                                                                                                                                             |
| 23.2    | <a href="#">Consent of Fortune CPA Inc.*</a>                                                                                                                                                                  |
| 31.1    | <a href="#">Rule 13a-14(a) Certification of Principal Executive Officer of Registrant*</a>                                                                                                                    |
| 31.2    | <a href="#">Rule 13a-14(a) Certification of Principal Financial Officer of Registrant*</a>                                                                                                                    |
| 32.1    | <a href="#">Section 1350 Certification of Principal Executive Officer of Registrant.†</a>                                                                                                                     |
| 32.2    | <a href="#">Section 1350 Certification of Principal Financial Officer of Registrant.†</a>                                                                                                                     |
| 97.1    | <a href="#">Clawback Policy*</a>                                                                                                                                                                              |
| 101.INS | Inline XBRL Instance Document                                                                                                                                                                                 |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                                                |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                  |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                   |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                                        |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                 |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                      |

\* Filed herewith

† Furnished herewith

(c) Other Financial Statement Schedules - None.

## 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.

Future FinTech Group Inc.

April 16, 2024

By: /s/ Shanchun Huang  
Shanchun Huang  
Chief Executive Officer  
(principal executive officer)

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Shanchun Huang and Ming Yi, and each of them, their attorneys-in-fact and agents, each with the power of substitution, for them in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirement 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 capacity and on the dates indicated.

### Signature

| Name and Title                                                                                                       | Date           |
|----------------------------------------------------------------------------------------------------------------------|----------------|
| <u>/s/ Shanchun Huang</u><br>Shanchun Huang<br>Chief Executive Officer<br>(principal executive officer and Director) | April 16, 2024 |
| <u>/s/ Ming Yi</u><br>Ming Yi<br>Chief Financial Officer<br>(Principal Financial and Accounting Officer)             | April 16, 2024 |
| <u>/s/ Fuyou Li</u><br>Fuyou Li<br>Chairman of the Board of Directors and Director                                   | April 16, 2024 |
| <u>/s/ Mingjie Zhao</u><br>Mingjie Zhao, Director                                                                    | April 16, 2024 |
| <u>/s/ Johnson Lau</u><br>Johnson Lau, Director                                                                      | April 16, 2024 |
| <u>/s/ Ying Li</u><br>Ying Li, Director                                                                              | April 16, 2024 |

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Phone (714)-820-3316 Fax (714)-333-4992

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and  
Stockholders of Future FinTech Group Inc.

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Future FinTech Group Inc. (the "Company") and its subsidiaries as of December 31, 2023, and the related consolidated statements of operation, changes in stockholders' equity, and cash flows for the year then ended, 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, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

#### The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered losses from operations. Therefore, the Company has stated substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit 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 audit, 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 entity's internal control over financial reporting. Accordingly, we express no such opinion.

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Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

#### Critical Audit Matters

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

#### Going Concern

As described further in Note 2 to the financial statements, the Company financial statements are prepared assuming that the Company will continue as a going concern.

We determined the Company's ability to continue as a going concern is a critical audit matter due to the estimation and uncertainty regarding the Company's future cash flows and the risk of bias in management's judgments and assumptions in estimating these cash flows.

Our audit procedures related to the Company's assertion on its ability to continue as a going concern included the following, among others:

We reviewed the Company's working capital and liquidity ratios, operating expenses, and uses and sources of cash used in management's assessment of whether the Company has sufficient liquidity to fund operations for at least one year from the financial statement issuance date. This testing included inquiries with management, comparison of prior period forecasts to actual results, consideration of positive and negative evidence impacting management's forecasts, the Company's financing arrangements in place as of the report date, market and industry factors and consideration of the Company's relationships with its financing partners.

/s/ Fortune CPA, Inc

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We have served as the Company's auditor since 2023.

Orange, CA

April 16, 2024  
PCAOB # 6901

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the board of directors of Future Fintech Group, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Future FinTech Group, Inc. (the "Company") as of December 31, 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows, for the year ended December 31, 2022, 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, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### **Going Concern Uncertainty**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **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 audit. 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 audit 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 audit, 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 audit 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 audit 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 audit provide a reasonable basis for our opinion.

### **Emphasis of Matter**

The Company has significant transactions with related parties, which are described in Note 19 to the financial statements. Transactions involving related party cannot be presumed to be carried out on an arm's length basis, as the requisite conditions of competitive, free market dealings may not exist.

### **Critical Audit Matters**

The critical audit matters communicated below are matters 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) relates to 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 any way 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 matter or on the accounts or disclosures to which it relates.

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### **Legal Proceedings Contingencies**

As described in Note 26 to the financial statements, management disclosed legal proceedings that involved the Company's current subsidiaries, disposed subsidiaries, or the Company's senior management where liability is not probable or the amount of the liability is not estimable, or both, if management believes there is at least a reasonable possibility that the Company has assessed the obligations, or a loss may be incurred when obligations were not discharged.

We determined that the legal proceedings contingencies are a critical audit matter as there was significant judgment made by management when

assessing the likelihood of a loss being incurred and when estimating the loss or range of loss for each claim, which in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating management's assessment of the liabilities and disclosures related to legal proceedings contingencies.

Our audit of legal proceeding contingencies included, among others:

- reviewing management's control for assessing legal proceedings;
- obtaining and evaluating the letters of audit inquiry with external legal counsel;
- reviewing public information regarding the Company's litigation cases;
- evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable;
- evaluating the sufficiency of the Company's disclosures related to legal proceedings.

#### Valuation of Goodwill

As described in Note 9 to the financial statements, goodwill mainly represented an amount of 13.98 million that arose from acquisition of Nice Talent Asset Management Limited and FTFT Finance UK Limited.

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of the reporting unit to its carrying value. The Company uses the discounted cash flow model to estimate fair value, which requires management to make significant estimates and assumptions related to forecasts of future revenue and operating margin. In addition, the discounted cash flow model requires the Company to select an appropriate weighted average cost of capital based on current market conditions as of December 31, 2022. A high degree of auditor judgment and an increased extent of effort were required when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the forecasts.

Our audit procedures related to the forecasts of future revenue and operating margin and the selection of the weighted average cost of capital used by management to estimate the fair value contributed by the reporting unit included the following, among others:

- Reviewing procedures of management's impairment assessment;
- evaluating the reasonableness of the valuation model, methodology, and significant assumptions used by the Company, specifically the weighted average cost of capital including testing the mathematical accuracy of the Company's calculation of the weighted average cost of capital;
- examining original transaction related documents;
- evaluating the sufficiency of the Company's disclosures to goodwill.

/s/ Onestop Assurance PAC

We have served as the Company's auditor through 2023.

Singapore  
April 19, 2023

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### FUTURE FINTECH GROUP INC. CONSOLIDATED BALANCE SHEETS

|                                                | December 31,<br>2023 | December 31,<br>2022* |
|------------------------------------------------|----------------------|-----------------------|
| <b>ASSETS</b>                                  |                      |                       |
| <b>CURRENT ASSETS</b>                          |                      |                       |
| Cash and cash equivalents                      | \$ 19,032,278        | \$ 26,071,338         |
| Restricted cash                                | -                    | 3,589,582             |
| Short - term investments                       | 959,028              | 988,073               |
| Accounts receivable, net                       | 5,705,877            | 7,796,672             |
| Advances to suppliers and other current assets | 3,837,752            | 4,670,264             |
| Loan receivables                               | 14,895,086           | 19,157,538            |
| Other receivables, net                         | 10,048,297           | 2,635,224             |
| Amount due from related parties                | 12,151               | 53,126                |
| Assets related to discontinued operations      | -                    | 296,654               |
| <b>TOTAL CURRENT ASSETS</b>                    | <b>\$ 54,490,469</b> | <b>\$ 65,258,471</b>  |
| <b>NON-CURRENT ASSETS</b>                      |                      |                       |
| Property, plant and equipment, net             | \$ 4,579,188         | \$ 4,209,189          |
| Right of use assets - operation lease          | 1,282,111            | 1,055,906             |
| Intangible assets                              | 588,982              | 518,069               |
| Goodwill                                       | -                    | 13,976,084            |
| <b>TOTAL NON-CURRENT ASSETS</b>                | <b>\$ 6,450,281</b>  | <b>\$ 19,759,248</b>  |
| <b>TOTAL ASSETS</b>                            | <b>\$ 60,940,750</b> | <b>\$ 85,017,719</b>  |
| <b>LIABILITIES</b>                             |                      |                       |
| <b>CURRENT LIABILITIES</b>                     |                      |                       |
| Accounts payable                               | \$ 3,320,061         | \$ 3,603,577          |
| Notes payable                                  | -                    | 3,589,582             |
| Accrued expenses and other payables            | 11,997,481           | 2,108,777             |

|                                                                                                                                                                                            |                      |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Advances from customers                                                                                                                                                                    | 306,315              | 1,236,241            |
| Convertible notes payables                                                                                                                                                                 | 1,100,723            | -                    |
| Lease liability - operation lease                                                                                                                                                          | 498,736              | 294,944              |
| Amounts due to related parties                                                                                                                                                             | 505,046              | 235,742              |
| Deferred liabilities                                                                                                                                                                       | -                    | 7,387,697            |
| Liability related to discontinued operation                                                                                                                                                | -                    | 114,556              |
| <b>TOTAL CURRENT LIABILITIES</b>                                                                                                                                                           | <b>\$ 17,728,362</b> | <b>\$ 18,571,116</b> |
| <b>NON-CURRENT LIABILITIES</b>                                                                                                                                                             |                      |                      |
| Lease liability - operation lease                                                                                                                                                          | \$ 797,344           | \$ 760,962           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                                                                                                                                       | <b>797,344</b>       | <b>760,962</b>       |
| <b>TOTAL LIABILITIES</b>                                                                                                                                                                   | <b>\$ 18,525,706</b> | <b>\$ 19,332,078</b> |
| Commitments and contingencies (Note 26)                                                                                                                                                    |                      |                      |
| <b>STOCKHOLDERS' EQUITY</b>                                                                                                                                                                |                      |                      |
| Future FinTech Group, Inc. Stockholders' equity                                                                                                                                            |                      |                      |
| Common stock, \$ 0.001 par value; 60,000,000 shares authorized; 17,834,874 shares and 14,645,653 shares issued and outstanding as of December 31, 2023 and December 31, 2022 respectively* | \$ 17,835            | \$ 14,646            |
| Additional paid-in capital                                                                                                                                                                 | 233,890,997          | 222,751,657          |
| Statutory reserve                                                                                                                                                                          | 98,357               | 98,357               |
|                                                                                                                                                                                            |                      | (                    |
| Accumulated deficit                                                                                                                                                                        | ( 185,929,662)       | 152,276,434)         |
| Accumulated other comprehensive loss                                                                                                                                                       | ( 4,094,276)         | ( 3,623,005)         |
| <b>Total Future FinTech Group, Inc. stockholders' equity</b>                                                                                                                               | <b>43,983,251</b>    | <b>66,965,221</b>    |
| Non-controlling interests                                                                                                                                                                  | ( 1,568,207)         | ( 1,279,580)         |
| <b>Total stockholders' equity</b>                                                                                                                                                          | <b>42,415,044</b>    | <b>65,685,641</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                          | <b>\$ 60,940,750</b> | <b>\$ 85,017,719</b> |

\* all shares and per share data have been retroactively restated to reflect reverse stock split effected on February 1, 2023.

The accompanying notes are an integral part of these consolidated financial statements.

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**FUTURE FINTECH GROUP INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

|                                                                 | <b>For the Years Ended,</b> |                         |
|-----------------------------------------------------------------|-----------------------------|-------------------------|
|                                                                 | <b>2023</b>                 | <b>2022*</b>            |
| <b>Revenue</b>                                                  | <b>\$ 34,865,553</b>        | <b>\$ 23,881,006</b>    |
| Cost – third party                                              | 28,999,057                  | 17,676,109              |
| Cost – related party                                            | 978,801                     | 809,451                 |
| Gross profit                                                    | 4,887,695                   | 5,395,446               |
| <b>Operating Expenses</b>                                       |                             |                         |
| General and administrative expenses                             | 11,455,557                  | 14,174,820              |
| Research and development expenses                               | 342,985                     | 2,671,748               |
| Stock-based compensation                                        | 3,468,000                   | 1,279,740               |
| Selling expenses                                                | 599,051                     | 808,358                 |
| (Recovery) Provision of doubtful debts                          | ( 716,913)                  | 26,440                  |
| Impairment loss                                                 | 14,160,931                  | 3,248,805               |
| <b>Total operating expenses</b>                                 | <b>29,309,611</b>           | <b>22,209,911</b>       |
| Loss from operations                                            | ( 24,421,916)               | ( 16,814,465)           |
| <b>Other (expenses) income</b>                                  |                             |                         |
| Interest income                                                 | 1,344,885                   | 1,311,354               |
| Interest expenses                                               | ( 892)                      | -                       |
| Other (expenses) income, net                                    | ( 11,321,906)               | 2,011,044               |
| <b>Total other income, net</b>                                  | <b>( 9,977,913)</b>         | <b>3,322,398</b>        |
| <b>Loss from Continuing Operations before Income Tax</b>        | <b>( 34,399,829)</b>        | <b>( 13,492,067)</b>    |
| Income tax provision                                            | -                           | ( 456,598)              |
| Deferred income tax                                             | ( 2,552)                    | ( 60,504)               |
| <b>Loss from Continuing Operations</b>                          | <b>( 34,402,381)</b>        | <b>( 14,009,169)</b>    |
| <b>Discontinued Operations (Note 24)</b>                        |                             |                         |
| Loss from discontinued operations                               | -                           | ( 307,041)              |
| Gain (Loss) on disposal of discontinued operations              | 386,482                     | ( 154)                  |
| <b>Net Loss</b>                                                 | <b>\$ ( 34,015,899)</b>     | <b>\$ ( 14,316,364)</b> |
| <b>Less: Net Loss attributable to non-controlling interests</b> | <b>( 362,671)</b>           | <b>( 688,819)</b>       |
| <b>Net loss attributable to Future Fintech Group Inc.</b>       | <b>\$ ( 33,653,228)</b>     | <b>\$ ( 13,627,545)</b> |
| <b>Other comprehensive income (loss)</b>                        |                             |                         |
| Loss from continued operations                                  | \$ ( 34,402,381)            | \$ ( 14,009,169)        |
| Foreign currency translation – continued operations             | ( 484,953)                  | ( 3,025,143)            |
| <b>Comprehensive loss - continued operation</b>                 | <b>( 34,887,334)</b>        | <b>( 17,034,312)</b>    |

|                                                                                  |                         |                         |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Loss from discontinued operations                                                | \$ 386,482              | \$ ( 307,195)           |
| Foreign currency translation - discontinued operation                            | 13,682                  | -                       |
| <b>Comprehensive loss - discontinued operation</b>                               | <b>400,164</b>          | <b>( 307,195)</b>       |
| <b>Comprehensive Loss</b>                                                        | <b>\$ ( 34,487,170)</b> | <b>\$ ( 17,341,507)</b> |
| Less: Net loss attributable to non-controlling interests                         | ( 362,671)              | ( 688,819)              |
| <b>COMPREHENSIVE LOSS ATTRIBUTABLE TO FUTURE FINTECH GROUP INC. STOCKHOLDERS</b> | <b>\$ ( 34,124,499)</b> | <b>( 16,652,688)</b>    |
| Earnings (loss) per share:                                                       |                         |                         |
| Basic loss per share from continued operation                                    | \$ ( 2.31)              | \$ ( 0.93)              |
| Basic loss per share from discontinued operation                                 | 0.03                    | ( 0.02)                 |
|                                                                                  | <b>\$ ( 2.28)</b>       | <b>\$ ( 0.95)</b>       |
| Diluted Earnings (loss) per share:                                               |                         |                         |
| Diluted loss per share                                                           | \$ ( 2.31)              | \$ ( 0.93)              |
| Diluted loss per share from discontinued operation                               | ( 0.03)                 | ( 0.02)                 |
|                                                                                  | <b>\$ ( 2.28)</b>       | <b>\$ ( 0.95)</b>       |
| <b>Weighted average number of shares outstanding</b>                             |                         |                         |
| Basic                                                                            | 14,746,726              | 14,323,422              |
| Diluted                                                                          | 14,788,834              | 14,533,948              |

\* Reclassification- certain reclassifications have been made to the financial statements for the period ended December 31, 2022 to conform to the presentation for the period ended December 31, 2023, with no effect on previously reported net income (loss).

The accompanying notes are an integral part of these consolidated financial statements.

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**FUTURE FINTECH GROUP INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

|                                           | <b>Common Stock</b> |                  | <b>Additional paid-in capital</b> | <b>Statutory reserve</b> | <b>Accumulated Deficits</b> | <b>Accumulative Other comprehensive income</b> | <b>Non-controlling interests</b> | <b>Total</b>        |
|-------------------------------------------|---------------------|------------------|-----------------------------------|--------------------------|-----------------------------|------------------------------------------------|----------------------------------|---------------------|
|                                           | <b>Shares</b>       | <b>Amount</b>    |                                   |                          |                             |                                                |                                  |                     |
| <b>Balance at December 31, 2021</b>       | <b>14,036,253</b>   | <b>\$ 14,036</b> | <b>\$220,579,277</b>              | <b>\$ 61,382</b>         | <b>\$ 138,611,914</b>       | <b>\$ ( 597,862)</b>                           | <b>\$ ( 590,761)</b>             | <b>\$80,854,158</b> |
| Net loss from continued operation         | -                   | -                | -                                 | -                        | ( 13,320,350)               | -                                              | ( 688,819)                       | ( 14,009,169)       |
| Net loss from discontinued operations     | -                   | -                | -                                 | -                        | ( 307,041)                  | -                                              | -                                | ( 307,041)          |
| Share-based payments-omnibus equity plan  | 609,400             | 610              | 1,279,130                         | -                        | -                           | -                                              | -                                | 1,279,740           |
| Share-based payments-service              | -                   | -                | 893,250                           | -                        | -                           | -                                              | -                                | 893,250             |
| Statutory reserve                         | -                   | -                | -                                 | 36,975                   | ( 36,975)                   | -                                              | -                                | -                   |
| Disposition of Discontinued operation     | -                   | -                | -                                 | -                        | ( 154)                      | -                                              | -                                | ( 154)              |
| Foreign currency translation adjustment   | -                   | -                | -                                 | -                        | -                           | ( 3,025,143)                                   | -                                | ( 3,025,143)        |
| <b>Balance at December 31, 2022</b>       | <b>14,645,653</b>   | <b>\$ 14,646</b> | <b>\$222,751,657</b>              | <b>\$ 98,357</b>         | <b>\$ 152,276,434</b>       | <b>\$ ( 3,623,005)</b>                         | <b>\$ 1,279,580</b>              | <b>\$65,685,641</b> |
| Issuance of common stocks-non cash        | 299,221             | 299              | 7,387,398                         | -                        | -                           | -                                              | -                                | 7,387,697           |
| Net loss from continued operation         | -                   | -                | -                                 | -                        | ( 34,039,710)               | -                                              | ( 362,671)                       | ( 34,402,381)       |
| Net loss from discontinued operations     | -                   | -                | -                                 | -                        | -                           | -                                              | -                                | -                   |
| Contribution by non-controlling interests | -                   | -                | 286,832                           | -                        | -                           | -                                              | 74,044                           | 360,876             |
| Share-based payments-omnibus equity plan  | 2,890,000           | 2,890            | 3,465,110                         | -                        | -                           | -                                              | -                                | 3,468,000           |
| Disposition of Discontinued operation     | -                   | -                | -                                 | -                        | 386,482                     | 13,682                                         | -                                | 400,164             |
| Foreign currency translation adjustment   | -                   | -                | -                                 | -                        | -                           | ( 484,953)                                     | -                                | ( 484,953)          |
| <b>Balance at December 31, 2023</b>       | <b>17,834,874</b>   | <b>\$ 17,835</b> | <b>\$233,890,997</b>              | <b>\$ 98,357</b>         | <b>\$ 185,929,662</b>       | <b>\$ ( 4,094,276)</b>                         | <b>\$ 1,568,207</b>              | <b>\$42,415,044</b> |

All shares and per share data have been retroactively restated to reflect reverse stock split effected on February 1, 2023.

The accompanying notes are an integral part of these consolidated financial statements.

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**FUTURE FINTECH GROUP INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                  | For the Year Ended   |                      |
|----------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                  | 2023                 | 2022                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |                      |                      |
| Net loss                                                                         | \$ ( 34,015,899)     | \$ ( 14,316,364)     |
| Net loss from discontinued operation                                             | 386,482              | ( 307,195)           |
| Net loss from continuing operations                                              | ( 34,402,381)        | ( 14,009,169)        |
| Adjustments to reconcile net income to net cash provided by operating activities |                      |                      |
| Depreciation                                                                     | 273,106              | 185,151              |
| Amortization                                                                     | 57,035               | 63,552               |
| (Recovery) Provision of doubtful debts                                           | ( 716,914)           | 26,440               |
| Impairment of goodwill                                                           | 14,148,298           | 2,214,825            |
| Impairment of intangible                                                         | -                    | 124,317              |
| Impairment of short term investment                                              | 12,633               | 909,663              |
| Share-based payments                                                             | 3,468,000            | 2,172,990            |
| Changes in operating assets and liabilities                                      |                      |                      |
| Accounts receivable                                                              | 5,440,382            | 285,648              |
| Other receivables                                                                | ( 8,356,443)         | ( 1,402,815)         |
| Advances to suppliers and other current assets                                   | 840,589              | ( 1,742,565)         |
| Operating lease assets and liabilities                                           | 13,969               | -                    |
| Accounts payable                                                                 | ( 4,407,407)         | 3,603,498            |
| Accrued expenses                                                                 | 7,333,163            | 855,186              |
| Advances from customers                                                          | ( 929,926)           | 1,233,348            |
| Notes payable                                                                    | -                    | 3,589,582            |
| Proceeds from amounts due from related parties, net                              | -                    | 517,076              |
| Repayment of amounts due to related parties, net                                 | -                    | ( 966,603)           |
| Taxes payable                                                                    | -                    | ( 41,111)            |
| Net cash used in operating activities – continued operations                     | ( 17,225,896)        | ( 2,380,987)         |
| Net cash provided by operating activities – discontinued operations              | 574,573              | ( 288,286)           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |                      |                      |
| Additions to property, plant and equipment                                       | ( 811,093)           | ( 587,104)           |
| Disposal of property and equipment                                               | 32,490               | -                    |
| Additions to loan receivables                                                    | ( 9,966,830)         | ( 20,078,917)        |
| Repayment of loan receivable                                                     | 14,107,063           | 6,880,000            |
| Payment for available-for-sale securities                                        | -                    | -                    |
| Acquisition of a subsidiary, net of cash                                         | 4,679,434            | 166,676              |
| Disposal of a subsidiary, net of cash                                            | ( 5,993)             | -                    |
| Purchase of intangible assets                                                    | -                    | ( 570,351)           |
| Net cash used in investing activities from continued operations                  | 8,035,071            | ( 14,189,696)        |
| Net cash used in investing activities from discontinued operations               | -                    | ( 218,667)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                      |                      |
| Notes payable                                                                    | ( 3,589,582)         | -                    |
| Proceeds from amounts due from related parties, net                              | 944,035              | -                    |
| Repayment of amounts due to related parties, net                                 | ( 639,800)           | -                    |
| Proceeds from secured convertible promissory note                                | 1,100,723            | -                    |
| Contribution by Non - controlling interests                                      | 360,876              | -                    |
| Repayment of loans                                                               | -                    | ( 188,215)           |
| Payment of dividends to the non-controlling interest                             | -                    | ( 63,477)            |
| Net cash (used in) provided by financing activities                              | ( 1,823,748)         | ( 251,692)           |
| Effect of change in exchange rate                                                | ( 188,642)           | ( 3,207,303)         |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                      | <b>( 10,628,642)</b> | <b>( 20,536,631)</b> |
| Cash and cash equivalents, from the continuing operations beginning of year      | 29,660,920           | 50,271,801           |
| Cash and restricted cash at end of year                                          | 19,032,278           | 29,735,170           |
| Less: Cash and cash equivalents from the discontinued operations, end of year    | -                    | ( 74,250)            |
| Cash and cash equivalents, from the continuing operations end of year            | 19,032,278           | 29,660,920           |
| <b>SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION</b>              |                      |                      |
| Issuance of common stocks (Note 23)                                              | \$ 7,387,697         | \$ -                 |
| Deferred liabilities (Note 19)                                                   | -                    | -                    |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>                                       |                      |                      |
| Income taxes paid                                                                | 510,838              | 714,126              |
| Interest paid                                                                    | -                    | 11,696               |

The accompanying notes are an integral part of these consolidated financial statements.

**FUTURE FINTECH GROUP INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022**

**1. CORPORATE INFORMATION**

Future FinTech Group Inc. (the “Company”) is a holding company incorporated under the laws of the State of Florida. The Company historically engaged in the production and sale of fruit juice concentrates (including fruit purees and fruit juices), fruit beverages (including fruit juice beverages and fruit cider beverages) in the PRC. Due to drastically increased production costs and tightened environmental laws in China, the Company had transformed its business from fruit juice manufacturing and distribution to financial technology related service businesses. The main business of the Company includes supply chain financing services and trading in China, asset management business in Hong Kong and cross-border money transfer service in UK. The

Company also expanded into brokerage and investment banking business in Hong Kong and cryptocurrency mining farm in the U.S. The Company had a contractual arrangements with a VIE E-Commerce Tianjin in China, which has generated minimal revenue and business since 2021 due to the negative impact caused by COVID-19. The Company started the process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

In March 2022, FTFT UK Limited received approval to operate as an Electronic Money Directive ("EMD") Agent and has been registered as such with the Financial Conduct Authority (FCA), a UK regulator. This status grants FTFT UK Limited the ability to distribute or redeem e-money and provide certain financial services on behalf of an e-money institution (registration number 903050).

On April 14, 2022, the Company established Future Trading (Chengdu) Co., Ltd. Its business is bulk commodities supply chain financing services and trading.

On April 18, 2022, the Company and Future Fintech (Hong Kong) Limited, a wholly owned subsidiary of the Company jointly acquired 100 % equity interest of KAZAN S.A., a company incorporated in Republic of Paraguay for \$ 288 . The Company owns 90 % and FTFT HK owns 10 % of Kazan S.A., respectively. Kazan S.A. has no operation before the acquisition. The Company is developing bitcoin and other cryptocurrency mining and related service business in Paraguay. The Company has changed its name from KAZAN S.A to FTFT Paraguay S.A. on July 28, 2022.

On September 29, 2022, FTFT UK Limited completed its acquisition of 100 % of the issued and outstanding shares of Khyber Money Exchange Ltd., a company incorporated in England and Wales, from Rahim Shah, a resident of United Kingdom for a total of Euros € 685,000 ("Purchase Price"), pursuant to a Share Purchase Agreement (the "Agreement") dated September 1, 2021. Khyber Money Exchange Ltd. is a money transfer company with a platform for transferring money through one of its agent locations or via its online portal, mobile platform or over the phone. Khyber Money Exchange Ltd. is regulated by the UK Financial Conduct Authority (FCA) and the parties received approval by the FCA before the formal closing of the transaction. On October 11, 2022, the Company changed the name of Khyber Money Exchange Ltd. to FTFT Finance UK Limited.

On February 27, 2023, Future FinTech (Hong Kong) Limited ("Buyer"), a company incorporated in Hong Kong and a wholly owned subsidiary of Future FinTech Group Inc. (the "Company") entered into a Share Transfer Agreement (the "Agreement") with Alpha Financial Limited, a company incorporated in Hong Kong ("Seller") and sole owner and shareholder of Alpha International Securities (Hong Kong) Limited, a company incorporated in Hong Kong ("Alpha HK") and Alpha Information Service (Shenzhen) Co., Ltd., a company incorporated in China ("Alpha SZ"). Alpha HK holds Type 1 'Securities Trading', Type 2 'Futures Contract Trading' and Type 4 'Securities Consulting' financial licenses issued by the Hong Kong Securities and Futures Commission. Alpha SZ provides technical support services to Alpha HK. The share transfer transaction was approved by the Securities and Futures Commission of Hong Kong ("SFC") in August 2023 and the acquisition was closed on November 7, 2023. The names of the two entities were subsequently changed to 'FTFT International Securities and Futures Limited' and 'FTFT Information Services (Shenzhen) Co. Ltd.', respectively.

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha International Securities (HONG KONG) Limited a company incorporated in Hong Kong for \$ 1,791,174 (HKD 14,010,421 ), which is in the securities business. The Company has changed its name from Alpha International Securities (HONG KONG) Limited to FTFT International Securities and Futures Limited on November 1, 2023.

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha Information Services (Shenzhen) Co., Ltd for \$ 210,788 (HKD 1,649,528 ), which provides information services for FTFT International Securities and Futures Limited. The Company has changed its name from Alpha Information Services (Shenzhen) Co., Ltd to Future information service (Shenzhen) Co., Ltd on November 3, 2023.

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The Company's business and operations are principally conducted by its subsidiaries in the PRC, Hong Kong and UK.

On January 26, 2023, the Company filed with the Florida Secretary of State's office Articles of Amendment (the "Amendment") to amend its Second Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation"). As a result of the Amendment, the Company has authorized and approved a 1-for-5 reverse stock split of the Company's authorized shares of common stock from 300,000,000 shares to 60,000,000 shares, accompanied by a corresponding decrease in the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). The common stock will continue to be \$ 0.001 par value. The Company rounds up to the next full share of the Company's shares of common stock any fractional shares that result from the Reverse Stock Split and no fractional shares is issued in connection with the Reverse Stock Split and no cash or other consideration is paid in connection with any fractional shares that would otherwise have resulted from the Reverse Stock Split. No changes are being made to the number of preferred shares of the Company which remain as 10,000,000 preferred shares as authorized but not issued. The amendment to the Articles of Incorporation of the Company took effect on February 1, 2023. The Reverse Stock Split and Amendment were authorized and approved by the Board of Directors of the Company without shareholders' approval, pursuant to 607.10025 of the Florida Business Corporation Act of the State of Florida.

The reverse stock split would be reflected in our December 31, 2023 and December 31, 2022 statements of changes in stockholders' equity, and in per share data for all periods presented.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation and principle of consolidation

These consolidated financial statements ("financial statements") have been prepared in conformity with accounting principles generally accepted in the United States of America, or US GAAP.

The Company's functional currency of subsidiaries and VIE in China is the Chinese Renminbi (RMB). Other subsidiaries outside of China use U.S. Dollar (USD), Hong Kong Dollar (HKD), Great Britain Pound ("GBP"), AED (United Arab Emirates Dirham) and Guarani (PYG) as the functional currency; however, the accompanying consolidated financial statements have been translated and presented in USD.

According to US GAAP Accounting Standard Codification ("ASC") 810-10-15-8, for legal entities other than limited partnerships, the usual condition for a controlling financial interest is ownership of a majority voting interest, and, therefore, as a general rule ownership by one reporting entity, directly or indirectly, of more than 50 percent of the outstanding voting shares of another entity is a condition pointing toward consolidation. The power to control may also exist with a lesser percentage of ownership, for example, by contract, lease, agreement with other stockholders, or by court decree.

The consolidated financial statements include the accounts of the Company and its subsidiaries and the VIE. Our contractual arrangements with the VIE and their respective shareholders allow us to (i) exercise effective control over the VIE, (ii) become the primary beneficiary of the VIE for accounting purposes, and (iii) have an exclusive option to purchase all or part of the equity interests in the VIE when and to the extent permitted by PRC law.

As a result of our direct ownership in our wholly foreign-owned enterprise ("WFOE") and the contractual arrangements with the VIE, we are regarded as the primary beneficiary of the VIE for accounting purposes, and we treat it and its subsidiaries as the consolidated affiliated entities under U.S. GAAP.

Certain amounts of prior years were reclassified to conform with current year presentation.

#### **Discontinued Operations**

On June 27, 2022, Chain Cloud Mall Logistics Center (Shanxi) Co., Ltd. was dissolved and deregistered.

On June 16, 2023, QR (HK) Limited was dissolved and deregistered.

On December 5, 2023, FTFT PARAGUAY S.A. was dissolved.

Based on the disposal plan and in accordance with ASC 205-20, the Company presented the operating results from these operations as a discontinued operation.

#### **Segment Information Reclassification**

The Company classified business segment into asset management service, supply chain financing and trading, and others.

#### **Uses of Estimates in the Preparation of Financial Statements**

The Company's consolidated financial statements have been prepared in accordance with US GAAP and this requires management 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 consolidated financial statements and reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include, but not limited to, the allowance for doubtful accounts receivable, estimated useful life and residual value of property, plant and equipment, impairment of long-lived assets, provision for staff benefit, recognition and measurement of deferred income taxes and valuation allowance for deferred tax assets. Although these estimates are based on management's knowledge of current events and actions management may undertake in the future, actual results may ultimately differ from those estimates and such differences may be material to our consolidated financial statements.

#### **Going Concern**

The Company's financial statements are prepared assuming that the Company will continue as a going concern.

The Company incurred operating losses and had negative operating cash flows and may continue to incur operating losses and generate negative cash flows as the Company implements its future business plan. The Company's operating losses amounted \$ 34.40 million, and it had negative operating cash flows amounted \$ 17.23 million as of December 31, 2023. These factors raise substantial doubts about the Company's ability to continue as a going concern. The Company has raised funds through issuance of convertible notes and common stock.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully execute its new business strategy and eventually attain profitable operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### **Research and development**

Research and development expenses include salaries, contracted services, as well as the related expenses for our research and product development team, and expenditures relating to our efforts to develop, design, and enhance our service to our clients. The Company expenses research and development costs as they are incurred.

#### **Impairment of Long-Lived Assets**

In accordance with the ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, or it is reasonably possible that these assets could become impaired as a result of technological or other industrial changes. The determination of recoverability of assets to be held and used is made by comparing the carrying amount of an asset to future undiscounted cash flows to be generated by the assets.

If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

#### **Fair Value of Financial Instruments**

The Company has adopted FASB ASC Topic on Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 establishes a three-level valuation hierarchy of valuation techniques based on observable and unobservable input, 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 – Input other than Level 1 that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other input that is observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable input that is supported by little or no market activity and that is significant to the fair value of the assets or liabilities.

Our cash and cash equivalents and restricted cash and short-term investments are classified within level 1 of the fair value hierarchy because they are value using quoted market price.

#### **Earnings (Loss) Per Share**

Under ASC 260-10, *Earnings Per Share*, basic EPS excludes dilution for Common Stock equivalents and is calculated by dividing net income (loss) available to common stockholders by the weighted-average number of Common Stock outstanding for the period.

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Diluted EPS is calculated by using the treasury stock method, assuming conversion of all potentially dilutive securities, such as stock options and warrants. Under this method, (i) exercise of options and warrants is assumed at the beginning of the period and shares of Common Stock are assumed to be issued, (ii) the proceeds from exercise are assumed to be used to purchase Common Stock at the average market price during the period, and (iii) the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted EPS computation. The numerators and denominators used in the computations of basic and diluted EPS are presented in the following table.

For the year ended December 31, 2023:

|                                                                                                                                                                                                                                                                                                                                              | Income           | Share      | Pre-share amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------|------------------|
| <b>Loss from continued operations attributable to Future Fintech Group, Inc.</b>                                                                                                                                                                                                                                                             | \$ ( 34,039,710) | 14,746,726 | \$ ( 2.31)       |
| <b>Loss from discontinued operations attributable to Future Fintech Group, Inc.</b>                                                                                                                                                                                                                                                          | \$ 386,482       | 14,746,726 | \$ 0.03          |
| <b>Basic EPS:</b>                                                                                                                                                                                                                                                                                                                            |                  |            |                  |
| Loss to common stockholders from continuing operations                                                                                                                                                                                                                                                                                       | \$ ( 34,039,710) | 14,746,726 | \$ ( 2.31)       |
| Loss available to common stockholders from discontinued operations                                                                                                                                                                                                                                                                           | \$ 386,482       | 14,746,726 | \$ 0.03          |
| <b>Dilutive EPS:</b>                                                                                                                                                                                                                                                                                                                         |                  |            |                  |
| Warrants before 1-for-5 reverse stock split                                                                                                                                                                                                                                                                                                  | -                | 210,526    | -                |
| Warrants after 1-for-5 reverse stock split                                                                                                                                                                                                                                                                                                   | -                | 42,108     | -                |
| Diluted loss per share is calculated by taking net loss, divided by the diluted weighted average common shares outstanding. Diluted net loss per share equals basic net loss per share because the effect of securities convertible into common shares is anti-dilutive from continued operations attributable to Future Fintech Group, Inc. | \$ ( 34,039,710) | 14,788,834 | \$ ( 2.31)       |
| Diluted loss per share is calculated by taking net loss, divided by the diluted weighted average common shares outstanding from discontinued operations                                                                                                                                                                                      | \$ 386,482       | 14,788,834 | \$ 0.03          |

For the year ended December 31, 2022:

|                                                                                                                                                                                                                                                                                                                                              | Income           | Share      | Pre-share amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------|------------------|
| <b>Loss from continued operations attributable to Future Fintech Group, Inc.</b>                                                                                                                                                                                                                                                             | \$ ( 13,320,350) | 14,323,422 | \$ ( 0.93)       |
| <b>Loss from discontinued operations attributable to Future Fintech Group, Inc.</b>                                                                                                                                                                                                                                                          | \$ ( 307,195)    | 14,323,422 | \$ ( 0.02)       |
| <b>Basic EPS:</b>                                                                                                                                                                                                                                                                                                                            |                  |            |                  |
| Loss to common stockholders from continued operations                                                                                                                                                                                                                                                                                        | \$ ( 13,320,350) | 14,323,422 | \$ ( 0.93)       |
| Loss available to common stockholders from discontinued operations                                                                                                                                                                                                                                                                           | \$ ( 307,195)    | 14,323,422 | \$ ( 0.02)       |
| <b>Dilutive EPS:</b>                                                                                                                                                                                                                                                                                                                         |                  |            |                  |
| Warrants                                                                                                                                                                                                                                                                                                                                     | -                | 210,526    | -                |
| Diluted loss per share is calculated by taking net loss, divided by the diluted weighted average common shares outstanding. Diluted net loss per share equals basic net loss per share because the effect of securities convertible into common shares is anti-dilutive from continued operations attributable to Future Fintech Group, Inc. | \$ ( 13,320,350) | 14,533,948 | \$ ( 0.93)       |
| Diluted loss per share is calculated by taking net loss, divided by the diluted weighted average common shares outstanding from discontinued operations                                                                                                                                                                                      | \$ ( 307,195)    | 14,533,948 | \$ ( 0.02)       |

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### Cash, cash equivalents and restricted cash

Cash and cash equivalents included cash on hand and demand deposits placed with banks or other financial institutions, which are unrestricted as to withdrawal and use and with an original maturity of three months or less.

Deposits in banks in the PRC are only insured by the government up to RMB 500,000, in the HK are only insured by the government up to HKD500,000, in the United Kingdom are only insured by the government up to GBP 18,000, in the United States of America are only insured by the Federal Deposit Insurance Corporation up to USD250,000, and are consequently exposed to risk of loss.

The Company believes the probability of a bank failure, causing loss to the Company, is remote.

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

### Receivable and Allowances

Accounts receivable are recognized and carried at the original invoice amounts less an allowance for any uncollectible amount. We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for potential bad debts if required.

Other receivables, and loan receivables are recognized and carried at the initial amount when occurred less an allowance for any uncollectible amount. We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable impairment losses in our existing receivable.

Allowances for doubtful accounts are maintained for expected credit losses resulting from the Company's customers' inability to make required payments. The allowances are based on the Company's regular assessment of various factors, including the credit-worthiness and financial condition of specific customers, historical experience with bad debts and customer deductions, receivables aging, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect the Company's ability to collect from customers. The Company maintains an allowance for credit losses in accordance with ASC Topic 326, Credit Losses ("ASC 326") and records the allowance for credit losses as an offset to accounts receivable and contract assets, and the estimated credit losses charged to the allowance is classified as "bad debt expense" in the consolidated statements of comprehensive income. We determine whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. We may also record a general allowance as necessary.

Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivable or otherwise evaluate other circumstances that indicate that we should abandon such efforts.

The Company has assessed its receivable including credit term and corresponding all its receivables in December 2023. Upon such credit terms, bad debt expense was \$( 716,913 ) and \$ 26,440 during the years ended December 31, 2023 and 2022, respectively. Accounts receivables of \$ 0.97 million and nil have been outstanding for over 90 days as of December 31, 2023 and December 31, 2022, respectively.

## Revenue Recognition

We apply the five steps defined under ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. We assess its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Revenue arrangements with multiple performance obligations are divided into separate distinct goods or services. We allocate the transaction price to each performance obligation based on the relative standalone selling price of the goods or services provided. Revenue is recognized upon the transfer of control of promised goods or services to a customer. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products or services are transferred to its customers.

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We do not make any significant judgment in evaluating when control is transferred. Revenue is recorded net of value-added tax.

Revenue recognitions are as follows:

### Sales of coals, aluminum ingots, sand and steel

The Company recognize revenue when the receipt of merchandise is confirmed by the customers, which is the point that the title of the goods is transferred to the customer. Revenue was \$ 20.44 million and \$ 9.94 million during the year ended December 31, 2023 and 2022, respectively.

### Sales agent services of coals, aluminum ingots, sand and steel

For the sale of third-party products where the Company obtains control of the product before transferring it to the customer, the Company recognizes revenue based on the gross revenue amount billed to customers as sales of goods listed above. The Company considers multiple factors when determining whether it obtains control of third-party products, including evaluating if it can establish the price of the product, retains inventory risk for tangible products or has the responsibility for ensuring acceptability of the product. The Company recognizes net revenue as agent services for the sales of coals, aluminum ingots, sand and steel when no control obtained throughout the transactions. Revenue was \$ 0.33 million and \$0.17 million during the year ended December 31, 2023 and 2022, respectively.

### Asset Management Service

The Company recognizes service revenue when a service is rendered, the Company issues bills to its customers and recognizes revenue according to the bills.

## Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is computed using the straight-line method over the useful lives of the assets. Major renewals and betterments are capitalized and depreciated; maintenance and repairs that do not extend the life of the respective assets are expensed as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of operations and comprehensive income.

Depreciation related to property, plant and equipment used in production is reported in cost of sales, and includes amortized amounts related to capital leases. We estimated that the residual value of the Company's property and equipment ranges from 3 % to 5 %. Property, plant and equipment are depreciated over their estimated useful lives as follows:

|                                |              |
|--------------------------------|--------------|
| Building                       | 30 years     |
| Machinery and equipment        | 5 - 10 years |
| Furniture and office equipment | 3 - 5 years  |
| Motor vehicles                 | 5 years      |

## Intangible Assets

Acquired intangible assets are recognized based on their cost to the Company, which generally includes the transaction costs of the asset acquisition, and no gain or loss is recognized unless the fair value of noncash assets given as consideration differs from the assets' carrying amounts on the Company's book. These assets are amortized over their useful lives if the assets are deemed to have a finite life and they are reviewed for impairment by testing for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The fair value of an intangible asset is the amount that would be determined if the entity used the assumptions that market participants would use if they were pricing the intangible asset. The useful life of the Company's intangible assets is five - ten years , which is determined by using the time period that an intangible is estimated

### Foreign Currency and Other Comprehensive Income (Loss)

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency; however, the reporting currency of the Company is the USD. Assets and liabilities of the Company's foreign subsidiaries have been translated into USD using the exchange rate at the balance sheet dates, while equity accounts are translated using historical exchange rate. The exchange rate we used to convert RMB to USD was 7.08 :1 and 6.96 :1 at the balance sheet dates of December 31, 2023 and December 31, 2022, respectively. The average exchange rate for the period has been used to translate revenues and expenses. The average exchange rates we used to convert RMB to USD were 7.05 :1 and 6.73 :1 for fiscal year 2023 and fiscal year 2022, respectively.

The exchange rate we used to convert HKD to USD was 7.82 :1 and 7.80 :1 at the balance sheet dates of December 31, 2023 and December 31, 2022. The average exchange rate for the period has been used to translate revenues and expenses. The average exchange rates we used to convert HKD to USD were 7.83 :1 and 7.83 :1 for fiscal year 2023 and fiscal year 2022.

The exchange rate we used to convert GBP to USD was 0.78 :1 and 0.83 :1 at the balance sheet dates of December 31, 2023 and December 31, 2022. The average exchange rate for the period has been used to translate revenues and expenses. The average exchange rates we used to convert GBP to USD were 0.80 :1 and 0.81 :1 for fiscal year 2023 and fiscal year 2022.

The exchange rate we used to convert AED to USD was 3.66 :1 and 3.67 :1 at the balance sheet dates of December 31, 2023 and December 31, 2022. The average exchange rate for the period has been used to translate revenues and expenses. The average exchange rates we used to convert AED to USD were 3.66 :1 and 3.67 :1 for fiscal year 2023 and fiscal year 2022.

The exchange rate we used to convert PYG to USD was 7,298.63 :1 and 7,322.90 :1 at the balance sheet dates of December 31, 2023 and December 31, 2022. The average exchange rate for the period has been used to translate revenues and expenses. The average exchange rate we used to convert PYG to USD was 7,282.85 :1 and 6,976.87 :1 for fiscal year 2023 and fiscal year 2022.

Translation adjustments are reported separately and accumulated in a separate component of equity (cumulative translation adjustment).

### Government subsidies

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. For certain government subsidies, there are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government subsidies of operating nature with no further conditions to be met are recorded of operating expenses in "Other income" in the consolidated statements when received.

The amendments in this update require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity's financial statements.

### Income Taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740-10-30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-25 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

### Goodwill

The Company tests goodwill for impairment for its reporting units on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that implied fair value of the goodwill within the reporting unit is less than its carrying value.

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of the reporting unit to its carrying value. The Company uses the discounted cash flow model to estimate fair value, which requires management to make significant estimates and assumptions related to forecasts of future revenue and operating margin. In addition, the discounted cash flow model requires the Company to select an appropriate weighted average cost of capital based on current market conditions as of December 31, 2023 and December 31, 2022. A high degree of auditor judgment and an increased extent of effort were required when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the forecasts. Based upon the assessment, the Company has concluded that goodwill is nil and \$ 13.98 million as of December 31, 2023 and December 31, 2022.

### Short-term investments

Short-term investments consist primarily of investments in fixed deposits with original maturities between three months and one year and certain investments in wealth management products and other investments that the Company has the intention to redeem within one year. Fair valued or carried at amortized costs. As of December 31, 2023 and December 31, 2022, the short-term investments amounted to \$ 0.96 million and \$ 0.99 million, respectively. Due to fluctuations of the quoted shares included in its investment portfolios, the Company recognized an impairment to the investment

## Lease

We adopted ASU No. 2016-02, Leases (Topic 842), or ASC 842, from January 1, 2020. We determine if an arrangement is a lease or contains a lease at lease inception. For operating leases, we recognize a right-of-use ("ROU") asset and a lease liability based on the present value of the lease payments over the lease term on the consolidated balance sheets at commencement date. As most of our leases do not provide an implicit rate, we estimate our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. The ROU assets also include any lease payments made, net of lease incentives. Lease expense is recorded on a straight-line basis over the lease term. Our leases often include options to extend and lease terms include such extended terms when we are reasonably certain to exercise those options. Lease terms also include periods covered by options to terminate the leases when we are reasonably certain not to exercise those options.

## Share-based compensation

The Company awards share options and other equity-based instruments to its employees, directors and consultants (collectively "share-based payments"). Compensation cost related to such awards is measured based on the fair value of the instrument on the grant date. The Company recognizes the compensation cost over the period the employee is required to provide service in exchange for the award, which generally is the vesting period. The amount of cost recognized is adjusted to reflect the expected forfeiture prior to vesting. When no future services are required to be performed by the employee in exchange for an award of equity instruments, and if such award does not contain a performance or market condition, the cost of the award is expensed on the grant date. The Company recognizes compensation cost for an award with only service conditions that has a graded vesting schedule on a straight-line basis over the requisite service period for the entire award, provided that the cumulative amount of compensation cost recognized at any date at least equals the portion of the grant-date value of such award that is vested at that date.

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## Statutory reserves

Pursuant to the laws applicable to the PRC, PRC entities must make appropriations from after-tax profit to the non-distributable "statutory surplus reserve fund". Subject to certain cumulative limits, the "statutory surplus reserve fund" requires annual appropriations of 10 % of after-tax profit until the aggregated appropriations reach 50 % of the registered capital (as determined under accounting principles generally accepted in the PRC ("PRC GAAP") at each year-end). For foreign invested enterprises and joint ventures in the PRC, annual appropriations should be made to the "reserve fund". For foreign invested enterprises, the annual appropriation for the "reserve fund" cannot be less than 10 % of after-tax profits until the aggregated appropriations reach 50 % of the registered capital (as determined under PRC GAAP at each year-end).

## Variable interest entities

On July 31, 2019, CCM Tianjin, E-commerce Tianjin, and Mr. Zeyao Xue and Mr. Kai Xu, citizens of China and shareholders of E-commerce Tianjin, entered into the following agreements, or collectively, the "Variable Interest Entity Agreements" or "VIE Agreements," pursuant to which CCM Tianjin has contractual rights to control and operate the business of E-commerce Tianjin (the "VIE"). Therefore, pursuant to ASC 810, E-Commerce Tianjin is included in the Company's consolidated financial statements since then.

Pursuant to Chinese law and regulations, a foreign owned enterprise cannot apply for and hold a license for operation of certain e-commerce businesses, the category of business which the Company is conducting in China. CCM Tianjin is an indirectly wholly foreign owned enterprise of the Company. In order to comply with Chinese law and regulations, CCM Tianjin agreed to provide E-commerce Tianjin an Exclusive Operation and Use Rights Authorization to operate and use the Chain Cloud Mall System owned by CCM Tianjin.

E-commerce Tianjin was incorporated by Mr. Zeyao Xue and Mr. Kai Xu solely for the purpose of holding the operation license of the Chain Cloud Mall System. Mr. Zeyao Xue is a major shareholder of the Company and the son of Mr. Yongke Xue, the President of the Company. Mr. Kai Xu was the Chief Operating Officer of the Company and currently is the Deputy General Manager of FT Commercial Group Ltd., a wholly owned subsidiary of the Company and the vice president of blockchain division of the Company.

The VIE Agreements are as follows:

- 1) Exclusive Technology Consulting and Service Agreement by and between CCM Tianjin and E-commerce Tianjin. Pursuant to the Exclusive Technology Consulting and Service Agreement, CCM Tianjin agreed to act as the exclusive consultant of E-commerce Tianjin and provide technology consulting and services to E-commerce Tianjin. In exchange, E-commerce Tianjin agreed to pay CCM Tianjin a technology consulting and service fee, the amount of which is to be equivalent to the amount of net profit before tax of E-commerce Tianjin, payable on a quarterly basis after making up losses of previous years (if necessary) and deducting necessary costs, expenses and taxes related to the business operations of E-commerce Tianjin. Without the prior written consent of CCM Tianjin, E-commerce Tianjin may not accept the same or similar technology consulting and services provided by any third party during the term of the agreement. All the benefits and interests generated from the agreement, including but not limited to intellectual property rights, know-how and trade secrets, will be CCM Tianjin's sole and exclusive property. This agreement has a term of 10 years and may be extended unilaterally by CCM Tianjin with CCM Tianjin's written confirmation prior to the expiration date. E-commerce Tianjin cannot terminate the agreement early unless CCM Tianjin commits fraud, gross negligence or illegal acts, or becomes bankrupt or winds up.

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- 2) Exclusive Purchase Option Agreement by and among CCM Tianjin, E-commerce Tianjin, Mr. Zeyao Xue and Mr. Kai Xu. Pursuant to the Exclusive Purchase Option Agreement, Mr. Zeyao Xue and Mr. Kai Xu granted to CCM Tianjin and any party designated by CCM Tianjin the exclusive right to purchase, at any time during the term of this agreement, all or part of the equity interests in E-commerce Tianjin, or the "Equity Interests," at a purchase price equal to the registered capital paid by Mr. Zeyao Xue and Mr. Kai Xu for the Equity Interests, or, in the event that applicable law requires an appraisal of the Equity Interests, the lowest price permitted under applicable law. Pursuant to powers of attorney executed by Mr. Zeyao Xue and Mr. Kai Xu, they irrevocably authorized any person appointed by CCM Tianjin to exercise all shareholder rights, including but not limited to voting on their behalf on all matters requiring approval of E-commerce Tianjin's shareholder, disposing of all or part of the shareholder's equity interest in E-commerce Tianjin, and electing, appointing or removing directors and executive officers. The person designated by CCM Tianjin is entitled to dispose of dividends and profits on the equity interest without reliance on any oral or written instructions of Mr. Zeyao Xue and Mr. Kai Xu. The powers of attorney will remain in force for so long as Mr. Zeyao Xue and Mr. Kai Xu remain the shareholders of E-commerce Tianjin. Mr. Zeyao Xue and Mr. Kai Xu have waived all the rights which have been authorized to CCM Tianjin's designated person under the powers of attorney.

- 3) Equity Pledge Agreements by and among CCM Tianjin, E-commerce Tianjin, Mr. Zeyao Xue and Mr. Kai Xu. Pursuant to the Equity Pledge Agreements, Mr. Zeyao Xue and Mr. Kai Xu pledged all of the Equity Interests to CCM Tianjin to secure the full and complete performance of the obligations and liabilities on the part of E-commerce Tianjin and them under this and the above contractual arrangements. If E-commerce Tianjin, Mr. Zeyao Xue, or Mr. Kai Xu breaches their contractual obligations under these agreements, then CCM Tianjin, as pledgee, will have the right to dispose of the pledged equity interests. Mr. Zeyao Xue and Mr. Kai Xu agree that, during the term of the Equity Pledge Agreements, they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests, and they also agree that CCM Tianjin's rights relating to the equity pledge should not be interfered with or impaired by the legal actions of the shareholders of E-commerce Tianjin, their successors or designees. During the term of the equity pledge, CCM Tianjin has the right to receive all of the dividends and profits distributed on the pledged equity. The Equity Pledge Agreements will terminate on the second anniversary of the date when E-commerce Tianjin, Mr. Zeyao Xue and Mr. Kai Xu have completed all their obligations under the contractual agreements described above.
- 4) Exclusive Operation and Use Rights Authorization letter which authorizes Chain Cloud Mall E-commerce (Tianjin) Co., Ltd. to exclusively operate and use the Chain Cloud Mall System and the authorization period is the same as the term of the Exclusive Technology Consulting and Service Agreement entered into by and between Chain Cloud Mall Network and Technology (Tianjin) Co., Ltd. and Cloud Chain Mall E-commerce (Tianjin) Co., Ltd. dated July 31, 2019.
- 5) GlobalKey Shared Mall Shopping Platform Software and System Transfer Agreement by and between Future Supply Chain Co., Ltd. and CCM Tianjin, pursuant to which the GlobalKey Shared Mall Shopping Platform Software and System was transferred from Future Supply China Co., Ltd. to CCM Tianjin and that both parties were wholly owned subsidiaries of the Company and transfer price is \$ 0 .
- (6) Spousal Consent Letters. The spouse of Mr. Kai Xu (Mr. Zeyao Xue is not married), the shareholder of E-Commerce Tianjin has signed a spousal consent letter agreeing that the equity interests in E-Commerce Tianjin held by and registered under the name of such shareholder will be disposed pursuant to the contractual agreements with CCM Tianjin. The spouse of such shareholder agreed not to assert any rights over the equity interest in E-Commerce Tianjin held by such shareholder.

### New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 ("ASU 2016-13") "Financial Instruments - Credit Losses" ("ASC 326"): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes will result in earlier recognition of credit losses. In November 2019, the FASB issued ASU 2019-10 "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)" ("ASC 2019-10"), which defers the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, for public entities which meet the definition of a smaller reporting company. The Company will adopt ASU 2016-13 effective January 1, 2023. Management is currently evaluating the effect of the adoption of ASU 2016-13 on the consolidated financial statements. The effect will largely depend on the composition and credit quality of our investment portfolio and the economic conditions at the time of adoption.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material impact on the accompanying consolidated financial statements.

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### 3. VARIABLE INTEREST ENTITY

The carrying amount of the VIE's consolidated assets and liabilities are as follows:

|                                     | December 31,<br>2023 | December 31,<br>2022 |
|-------------------------------------|----------------------|----------------------|
| Cash and cash equivalents           | \$ 16,080            | \$ 12,684            |
| Other receivables                   | 49                   | 768                  |
| Other current assets                | 7,957                | 14,371               |
| Total current assets                | 24,086               | 27,823               |
| Intangible assets                   | -                    | 88,302               |
| Property and equipment, net         | 71                   | 98                   |
| Total assets                        | 24,157               | 116,223              |
| Total liabilities                   | ( 243,721)           | ( 248,964)           |
| Net assets                          | \$ ( 219,564)        | \$ ( 132,741)        |
|                                     | December 31,<br>2023 | December 31,<br>2022 |
| Current liabilities:                |                      |                      |
| Accounts payable                    | \$ 18,346            | \$ 18,657            |
| Accrued expenses and other payables | 222,771              | 6,455                |
| Advances from customers             | 2,604                | 2,648                |
| Amount Due to Related Party         | -                    | 221,204              |
| Total current liabilities           | 243,721              | 248,964              |
| Total liabilities                   | \$ 243,721           | \$ 248,964           |

The summarized operating results of the VIE's are as follows:

|              | December 31,<br>2023 | December 31,<br>2022 |
|--------------|----------------------|----------------------|
| Revenue      | \$ 72,128            | \$ 2,188             |
| Gross profit | \$ 3,241             | \$ 2,188             |
| Net loss     | \$ ( 34,163)         | \$ ( 276,766)        |

#### 4. ACCOUNTS RECEIVABLE

Accounts receivable, net consist of the following:

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Supply Chain Financing/Trading | \$ 3,251,822         | \$ 6,624,654         |
| Asset management service       | 1,250,613            | 1,145,518            |
| Others                         | 1,203,442            | 26,500               |
| Total accounts receivable, net | <u>\$ 5,705,877</u>  | <u>\$ 7,796,672</u>  |

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The following table sets forth our concentration of accounts receivable, net of specific allowances for doubtful accounts.

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Debtor A                       | \$ 21.11%            | \$ 46.08%            |
| Debtor B                       | 15.35%               | 15.65%               |
| Debtor C                       | 15.25%               | 14.26%               |
| Total accounts receivable, net | <u>\$ 51.71%</u>     | <u>\$ 75.99%</u>     |

#### 5. OTHER RECEIVABLES

As of December 31, 2023, the balance of other receivables was \$ 10.05 million.

As of April 22, 2022 and January 31, 2023, FTFT Super Computing Inc. entered into a "Electricity Sales and Purchase Agreement" with a third-party seller. FTFT Super Computing Inc. provided an initial amount of Adequate Assurance to the seller in the form of a cash deposit in the amount of \$ 1.86 million and has receivables from pre purchase electricity \$ 0.07 million.

On February 3, 2023, Future Fintech Group Inc. entered into a "Consulting Agreement" with a third party for its professional service of potential acquisition projects. Future Fintech Group Inc. provided initial amount of cash deposit to the third party in the amount of \$ 2.40 million.

On December 6, 2023, Future Fintech (Hong Kong) Limited entered into a "Mobile Software Application Development Agreement" with a third-party. Future Fintech (Hong Kong) Limited shall pay \$ 4.00 million. Future Fintech (Hong Kong) Limited provided initial amount of cash deposit to the third party in the amount of \$ 2.00 million. Development shall take 250 man-days.

On December 6, 2023, Future Fintech (Hong Kong) Limited entered into a "Augmented Reality (AR) Group Development and Service Agreement" with a third-party. Future Fintech (Hong Kong) Limited shall pay \$ 5.00 million. Future Fintech (Hong Kong) Limited provided initial amount of cash deposit to the third party in the amount of \$ 2.50 million. Development shall take 180 man-days.

In addition, other receivables included total \$ 1.22 million deposit paid and prepayments to third parties.

As of December 31, 2022, the balance of other receivables was \$ 2.64 million.

On October 1, 2022, FTFT UK Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Khyber Money Exchange Ltd., a company incorporated for £ 786,887 . Buyer deposited £ 400,000 for cash balance expected to be left in the bank account of Khyber upon the closing (subject to refund to the Buyer upon the actual amount \$ 0.24 million in Khyber's account at closing) to Buyer's solicitors to be held by Buyer's solicitors in their client account upon the final closing of the acquisition. As of January 9, 2023, the Company has received refund \$ 0.24 million.

As of April 22, 2022, FTFT Super Computing Inc. entered into a "Electricity Sales and Purchase Agreement" with a third party. FTFT Super Computing Inc. provided an initial amount of Adequate Assurance to such party in the form of a cash deposit in the amount of \$ 1.00 million and receivables from resale of electricity \$ 0.24 million.

In addition, other receivables included total \$ 1.16 million deposit paid and prepayments.

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#### 6. LOAN RECEIVABLES

As of December 31, 2023, the balance of loan receivables was \$ 14.90 million, which was from a third party.

On March 10, 2022, FTFT HK entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, FTFT HK loaned an amount of \$ 5.00 million to the third party at the annual interest rate of 10 % from March 10, 2022 to September 9, 2024 . To strengthen the liquidity, the Company negotiated with the borrower to early settle part of the loan. As of April 17, 2023, the Company has received repayment \$ 2.16 million.

On July 14, 2022, Future Private Equity Fund Management (Hainan) Co., Limited entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, Future Private Equity Fund Management (Hainan) Co., Limited loaned an amount of \$ 7.28 million (RMB 50 million) to the third party at the annual interest rate of 8 % from July 15, 2022 to July 14, 2024 , guarantee by Junde Chen. To strengthen the liquidity, the Company negotiated with the borrower to early settle part of the loan. As of April 17, 2023, the Company has received repayment \$ 5.09 million (RMB 35 million). The amount of \$ 2.12 million (RMB 15 million) will be repaid within 12 months.

On December 8, 2023, Future Private Equity Fund Management (Hainan) Co., Limited entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, Future Private Equity Fund Management (Hainan) Co., Limited loaned an amount of \$ 4.94 million (RMB 35 million) to the third party at the annual interest rate of 5 % from December 8, 2022 to December 8, 2024 .

On December 8, 2023, Future Fin Tech (Hong Kong) Limited entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, Future Fin Tech (Hong Kong) Limited loaned an amount of \$ 5.00 million to the third party at the annual interest rate of 5 % from December 8, 2022 to December 8, 2024 .

As of December 31, 2022, the balance of loan receivables was \$ 19.16 million, which was from a third party.

On September 8, 2021, FUCE Future Supply Chain (Xi'an) Co., Ltd., a wholly owned subsidiary of the Company, entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, FUCE Future Supply Chain (Xi'an) Co., Ltd. loaned an amount of \$ 0.22 million (RMB 1.5 million) to the third party at the annual interest rate of 5.25 % from September 8, 2021 to September 6, 2023 . As of March 30, 2023, the Company has received repayment \$ 0.22 million.

On March 10, 2022, FTFT HK entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, FTFT HK loaned an amount of \$ 5.00 million to the third party at the annual interest rate of 10 % from March 10, 2022 to September 9, 2024. To strengthen the liquidity, the Company negotiated with the borrower to early settle part of the loan. As of April 17, 2023, the Company has received repayment \$ 2.16 million.

On May 31, 2022, FTFT HK entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, FTFT HK loaned an amount of \$ 6.36 million to the same third party at the annual interest rate of 10 % from May 31, 2022 to May 30, 2023. To strengthen the liquidity, the Company negotiated with the borrower to early settle part of the loan. As of April 17, 2023, the Company has received repayment \$ 6.36 million.

On December 26, 2022, FTFT HK entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, FTFT HK loaned an amount of \$ 0.40 million to the same third party at the annual interest rate of 10 % from December 26, 2022 to March 26, 2023. As of April 17, 2023, the Company has received repayment \$ 0.40 million.

On July 14, 2022, Future Private Equity Fund Management (Hainan) Co., Limited entered into a "Loan Agreement" with a third party. Pursuant to the Loan Agreement, Future Private Equity Fund Management (Hainan) Co., Limited loaned an amount of \$ 7.28 million (RMB 50 million) to the third party at the annual interest rate of 8 % from July 15, 2022 to July 14, 2024, guarantee by Junde Chen. To strengthen the liquidity, the Company negotiated with the borrower to early settle part of the loan. As of April 17, 2023, the Company has received repayment \$ 5.09 million (RMB 35 million). The amount of \$ 2.18 million (RMB 15 million) will be repaid within 12 months.

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### 7. SHORT - TERM INVESTMENTS

As of December 31, 2023 and 2022, the balance of short - term investments was \$ 0.96 million and \$ 0.99 million. On September 6, 2021, Future Private Equity Fund Management (Hainan) Co., Ltd. invested \$ 1.87 million (RMB 13,000,000 ) to entrust Shanghai Yuli Enterprise Management Consulting Firm to invest in various types of investment portfolios. According to the market value, the Company's balance of the short - term investments was \$ 0.98 and \$ 0.99 million on December 31, 2023 and 2022. Due to fluctuations of the quoted shares included in its investment portfolios, the Company recognized an impairment to the investment portfolio of \$ 12,633 and \$ 0.91 million for the years ended December 31, 2023 and 2022.

### 8. OTHER CURRENT ASSETS

The amount of other current assets consisted of the followings:

|                                                | December 31,<br>2023 | December 31,<br>2022 |
|------------------------------------------------|----------------------|----------------------|
| Prepayments for Supply Chain Financing/Trading | \$ 2,743,539         | \$ 3,766,643         |
| Prepaid expenses                               | 29,694               | 72,544               |
| Others                                         | 1,064,519            | 831,077              |
| Total                                          | <u>\$ 3,837,752</u>  | <u>\$ 4,670,264</u>  |

### 9. GOODWILL

As of December 31, 2023, the balance of goodwill mainly represented an amount of nil that arose from acquisition of Nice Talent Asset Management Limited ("Nice Talent") in 2021, Khyber Money Exchange Ltd., in 2022, FTFT International Securities and Futures Limited (Hong Kong) and Future information service (Shenzhen) Co., Ltd in 2023.

On August 6, 2021, the Company through its wholly owned subsidiary Future FinTech (Hong Kong) Limited., completed its acquisition of 90 % of the issued and outstanding shares of Nice Talent from Joy Rich Enterprises Limited for HK\$ 144,000,000 (the "Purchase Price") which shall be paid in the shares of common stock of the Company (the "Company Shares"). 60 % of the Purchase Price (\$ 11.22 million) was paid in 2,244,156 pre reverse stock split shares of common stock of the Company on August 4, 2021. 40 % of the Purchase Price (\$ 7.39 million) was paid in 299,221 shares of common stock of the Company on October 17, 2023.

On October 1, 2022, FTFT UK Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Khyber Money Exchange Ltd., a company incorporated for £ 786,887 (\$ 0.95 million). The Company has changed its name from Khyber Money Exchange Ltd. to FTFT Finance UK Limited on October 11, 2022.

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha International Securities (Hong Kong) Limited a company incorporated in Hong Kong for \$ 1,791,174 (HKD 14,010,421 ). The Company is securities business. The Company has changed its name from Alpha International Securities (Hong Kong) Limited to FTFT International Securities and Futures Limited on November 1, 2023.

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha Information Services (Shenzhen) Co., Ltd for \$ 210,788 (HKD 1,649,528 ). The Company is provided information services for FTFT International Securities and Futures Limited. The Company has changed its name from Alpha Information Services (Shenzhen) Co., Ltd to Future information service (Shenzhen) Co., Ltd on November 3, 2023.

The Company recorded \$ 14.15 million of impairment loss in fiscal year 2023 related with goodwill mainly arose from acquisition of Nice Talent Asset Management Limited, Khyber Money Exchange Ltd., Alpha International Securities (Hong Kong) Limited and Alpha Information Services (Shenzhen). Goodwill impairment test as of December 31, 2023 using compare the carrying amount of the reporting unit (including goodwill) with its fair value. If the carrying amount exceeds the fair value, compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss should be recognized.

## 10. ACQUISITION

### Nice Talent

On August 6, 2021 ("Acquisition Date"), the Company through its wholly owned subsidiary Future FinTech (Hong Kong) Limited., completed its acquisition of 90 % of the issued and outstanding shares of Nice Talent from Joy Rich Enterprises Limited for HK\$ 144,000,000 (the "Purchase Price") which shall be paid in the shares of common stock of the Company (the "Company Shares"). 60 % of the Purchase Price (\$ 11.22 million) was paid in shares of common stock of the Company on August 4, 2021. 40 % of the Purchase Price (\$ 7.39 million) was paid in 299,221 shares of common stock of the Company on October 17, 2023.

The transaction was accounted for in accordance with the provisions of ASC 805-10, Business Combinations. The Company retained an independent appraisal firm to advise management in the determination of the fair value of the various assets acquired and liabilities assumed. The values assigned in these financial statements represent management's best estimate of fair values as of the Acquisition Date.

As required by ASC 805-20, Business Combinations—Identifiable Assets and Liabilities, and Any - Noncontrolling Interest, management conducted a review to reassess whether they identified all the assets acquired and all the liabilities assumed, and followed ASC 805-20's measurement procedures for recognition of the fair value of net assets acquired.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

|                                                                |               |
|----------------------------------------------------------------|---------------|
| Accounts receivable                                            | \$ 1,407,902  |
| Other receivables                                              | 27,701        |
| Other current assets                                           | 7,039         |
| Property, plant and equipment, net                             | 53,577        |
| Amount due from related party                                  | 38,323        |
| Accrued expenses and other payables                            | ( 498,515)    |
| Net identifiable assets acquired                               | \$ 1,036,027  |
| Less: non-controlling interests                                | 131,165       |
| Add: goodwill                                                  | 17,164,598    |
| Total purchase price for acquisition net of \$ 275,624 of cash | \$ 18,069,460 |

The Company has included the operating results of Nice Talent in its consolidated financial statements since the Acquisition Date. US\$ 1,291,391 in net sales and US\$ 114,623 in net gain of Nice Talent were included in the consolidated financial statements for the years ended December 31, 2021.

### Khyber Money Exchange Ltd.

On October 1, 2022, FTFT UK Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Khyber Money Exchange Ltd., a company incorporated for £ 786,887 (\$ 0.95 million). The Company has changed its name from Khyber Money Exchange Ltd. to FTFT Finance UK Limited on October 11, 2022.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

|                                                                |            |
|----------------------------------------------------------------|------------|
| Other receivables                                              | \$ 242,087 |
| Property, plant and equipment, net                             | 584        |
| Accrued expenses and other payables                            | ( 89,888)  |
| Net identifiable assets acquired                               | \$ 152,783 |
| Add: goodwill                                                  | 628,938    |
| Total purchase price for acquisition net of \$ 166,676 of cash | \$ 781,721 |

The Company has included the operating results of FTFT Finance UK Limited in its consolidated financial statements since the Acquisition Date. Nil in net sales and US\$ 20,440 in net loss of FTFT Finance UK Limited were included in the consolidated financial statements for the years ended December 31, 2022. Had the acquisition been completed from beginning of the current year, the revenue and the net loss of the Company would have been US\$ 24.03 million and US\$ 14.32 million, respectively.

### Alpha International Securities (Hong Kong) Limited

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha International Securities (Hong Kong) Limited a company incorporated in Hong Kong for \$ 1,791,174 (HKD 14,010,421 ). The Company is securities business. The Company has changed its name from Alpha International Securities (Hong Kong) Limited to FTFT International Securities and Futures Limited on November 1, 2023.

### Alpha Information Services (Shenzhen) Co., Ltd

On October 30, 2023, Future FinTech (Hong Kong) Limited, a wholly owned subsidiary of the Company acquired 100 % equity interest of Alpha Information Services (Shenzhen) Co., Ltd for \$ 210,788 (HKD 1,649,528 ). The Company is provided information services for FTFT International Securities and Futures Limited. The Company has changed its name from Alpha Information Services (Shenzhen) Co., Ltd to Future information service (Shenzhen) Co., Ltd on November 3, 2023.

The following table summarizes the allocation of estimated fair values of net assets acquired and liabilities assumed:

|                                    |              |
|------------------------------------|--------------|
| Accounts receivable                | \$ 1,526,360 |
| Other current assets               | 171,038      |
| Property, plant and equipment, net | 1,458        |
| Intangible assets                  | 127,846      |
| Right of use assets                | 8,875        |

|                                                                  |                 |
|------------------------------------------------------------------|-----------------|
| Lease liability-current                                          | ( 8,875)        |
| Accounts payable                                                 | ( 4,123,903)    |
| Accrued expenses and other payables                              | ( 552,484)      |
| Net identifiable assets acquired                                 | \$ ( 2,849,685) |
| Add: goodwill                                                    | 172,213         |
| Total purchase price for acquisition net of \$ 4,679,434 of cash | \$ ( 2,677,472) |

The Company has included the operating results of FTFT International Securities and Futures Limited in its consolidated financial statements since the Acquisition Date. US\$ 294,437 in net sales and US\$ 88,408 in net income of FTFT International Securities and Futures Limited were included in the consolidated financial statements for the years ended December 31, 2023.

The Company has included the operating results of Future information service (Shenzhen) Co., Ltd in its consolidated financial statements since the Acquisition Date. US\$ 1,390 in net sales and US\$50,80 in net loss of Future information service (Shenzhen) Co., Ltd were included in the consolidated financial statements for the years ended December 31, 2023.

## 11. LEASES

The Company's noncancelable operating leases consist of leases for office spaces and computer processing center. The Company is the lessee under the terms of the operating leases. For the year ended December 31, 2023, the operating lease cost was \$ 1.29 million.

The Company's operating leases have remaining lease terms of approximately 42 months. As of December 31, 2023, the weighted average remaining lease term and weighted average discount rate were 3.52 years and 4.75 %, respectively.

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Maturities of lease liabilities were as follows:

| As of December 31, 2023                        | Operating Lease |
|------------------------------------------------|-----------------|
| From January 1, 2024 to December 31, 2024      | \$ 556,658      |
| From January 1, 2025 to December 31, 2025      | 254,953         |
| From January 1, 2026 to December 31, 2026      | 254,953         |
| From January 1, 2027 to December 31, 2027      | 200,526         |
| From January 1, 2028 to March 31, 2028         | 133,684         |
| Total                                          | \$ 1,400,774    |
| Less: amounts representing interest            | \$ 104,694      |
| Present Value of future minimum lease payments | 1,296,080       |
| Less: Current obligations                      | 498,736         |
| Long term obligations                          | \$ 797,344      |

The Company leases office space and equipment under various short-term operating leases. As permitted by ASC 842, the Company has elected the practical expedient for short-term leases, whereby lease assets and lease liabilities are not recognized on the balance sheet. Short term leases cost was \$ 0.26 million for the year ended December 31, 2023.

## 12. PROPERTY, PLANT AND EQUIPMENT, NET

Property and equipment consist of the following:

|                                                 | December 31,<br>2023 | December 31,<br>2022 |
|-------------------------------------------------|----------------------|----------------------|
| Office equipment, fixtures and furniture        | \$ 633,936           | \$ 489,184           |
| Vehicle                                         | 730,998              | 798,955              |
| Building                                        | 146,053              | 37,784               |
| Subtotal                                        | 1,510,987            | 1,325,923            |
| Less: accumulated depreciation and amortization | ( 716,828)           | ( 276,851)           |
| Construction in progress                        | 3,790,623            | 3,165,805            |
| Impairment                                      | ( 5,594)             | ( 5,688)             |
| Total                                           | \$ 4,579,188         | \$ 4,209,189         |

Depreciation expense included in general and administration expenses for the years ended December 31, 2023 and 2022 was \$ 273,106 and \$ 185,151 respectively. Depreciation expense included in cost of sales for the year ended December 31, 2023 and 2022 was \$ 0 and \$ 0 , respectively.

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## 13. INTANGIBLE ASSETS

Intangible assets consist of the following:

|                                                 | December 31,<br>2023 | December 31,<br>2022 |
|-------------------------------------------------|----------------------|----------------------|
| Trademarks                                      | \$ 847               | \$ 862               |
| System and software                             | 2,730,549            | 2,578,647            |
| Subtotal                                        | 2,731,396            | 2,579,509            |
| Less: accumulated depreciation and amortization | ( 311,131)           | ( 199,151)           |

|                  |                |                |
|------------------|----------------|----------------|
| Less: impairment | ( 1,831,283)   | ( 1,862,289)   |
| Total            | <u>588,982</u> | <u>518,069</u> |

Amortization expense included in general and administration expenses for the years ended December 31, 2023 and 2022 was \$ 57,035 and \$ 63,552 , respectively. Amortization expense included in cost of sales for the years ended December 31, 2023 and 2022 was \$ 0 and \$ 0 , respectively.

The estimated amortization is as follows:

| As of December 31,                        | Estimated amortization expense |
|-------------------------------------------|--------------------------------|
| From January 1, 2024 to December 31, 2024 | \$ 57,035                      |
| From January 1, 2025 to December 31, 2025 | 57,035                         |
| From January 1, 2026 to December 31, 2026 | 57,035                         |
| From January 1, 2027 to December 31, 2027 | 57,035                         |
| From January 1, 2028 to December 31, 2029 | 57,035                         |
| Thereafter                                | 175,859                        |
| Total                                     | <u>\$ 461,034</u>              |

The trading rights of license plates 1 and 2 on the Hong Kong Stock Exchange have no expiration date and do not require amortization, amount was \$ 127,948 .

#### 14. NOTE PAYABLE

As of December 31, 2023, note payable was nil.

As of December 31, 2022, note payable consist of the following:

|                                            | Issue date        | Principal amount<br>US\$ | Mature date       | Effective interest rate |
|--------------------------------------------|-------------------|--------------------------|-------------------|-------------------------|
| FUCE Future Supply Chain (Xi'an) Co., Ltd. | August 10, 2022   | \$ 1,435,834             | August 10, 2023   | 0.05%                   |
| FUCE Future Supply Chain (Xi'an) Co., Ltd. | August 12, 2022   | 717,916                  | August 12, 2023   | 0.05%                   |
| FUCE Future Supply Chain (Xi'an) Co., Ltd. | July 28, 2022     | 717,916                  | July 28, 2023     | 0.05%                   |
| FUCE Future Supply Chain (Xi'an) Co., Ltd. | December 19, 2022 | 717,916                  | December 19, 2023 | 0.05%                   |
| Total                                      |                   | <u>\$ 3,589,582</u>      |                   |                         |

At maturity, the Notes are payable at their principal amount thereon. There occurring with respect to any of the Company's indebtedness, an event of default resulting in accelerated maturity or a failure to pay principal, interest or premium when due, the overdue interest shall be charged at 0.05 % per day, without the need to notify the applicant and sign another loan contract. As of December 31, 2022, there was no such event of default.

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#### 15. ACCOUNT PAYABLES

The amount of account payables were consisted of the followings:

|                                        | December 31,<br>2023 | December 31,<br>2022 |
|----------------------------------------|----------------------|----------------------|
| Supply Chain Financing/Trading payment | \$ 728,010           | \$ 3,584,920         |
| Others                                 | 2,592,051            | 18,657               |
| Total                                  | <u>\$ 3,320,061</u>  | <u>\$ 3,603,577</u>  |

#### 16. ACCRUED EXPENSES AND OTHER PAYABLES

The amount of accrued expenses and other payables were consisted of the followings:

|                                   | December 31,<br>2023 | December 31,<br>2022 |
|-----------------------------------|----------------------|----------------------|
| Legal fee and other professionals | \$ 832,263           | \$ 533,048           |
| Wages and employee reimbursement  | 509,288              | 763,983              |
| Provision for legal case          | 8,875,265            | -                    |
| Suppliers                         | 731,521              | 708,287              |
| Accruals                          | <u>1,049,144</u>     | <u>103,459</u>       |
| Total                             | <u>\$ 11,997,481</u> | <u>\$ 2,108,777</u>  |

In January 2021, FT Global Capital, Inc. ("FT Global"), a former placement agent of the Company filed a lawsuit against the Company in the Superior Court of Fulton County, Georgia. FT Global served the complaint upon the Company in January 2021. In the complaint, FT Global alleges claims, most of which attempt to hold the Company liable under legal theories that relate back to an alleged breach of an exclusive placement agent agreement between FT Global and the Company in July 2020 which had a term of three months. FT Global claims that the Company failed to compensate FT Global for securities purchase transactions between December 2020 and April 2021, pursuant to the terms of the expired exclusive placement agent agreement. On April 11, 2024, on which date the jury returned a verdict in favor of FT Global and the Court entered a judgment awarding FT Global \$ 8,875,265 .

#### 17. CONVERTIBLE NOTES PAYABLE

As of December 31, 2023 and 2022, convertible debt consisted of the following:

|            | December 31,<br>2023 | December 31,<br>2022 |
|------------|----------------------|----------------------|
| Beginning  | \$ -                 | \$ -                 |
| Addition   | 1,100,723            | -                    |
| Payment    | -                    | -                    |
| Conversion | -                    | -                    |
| Balance    | <u>\$ 1,100,723</u>  | <u>\$ -</u>          |

#### 18. DEFERRED LIABILITIES

As of December 31, 2023 and 2022, the balance of deferred liabilities mainly represented an amount of nil and \$ 7.39 million that arose from the payment for the remaining 40 % of the Purchase Price of the acquisition of Nice Talent Asset Management Limited ("Nice Talent"). 40 % of the Purchase Price (\$ 7.39 million) was paid in 299,221 shares of common stock of the Company on October 17, 2023.

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#### 19. RELATED PARTY TRANSACTION

As of December 31, 2023, the amount due to the related parties was consisted of the followings:

| Name          | Amount            | Relationship                           | Note                                                   |
|---------------|-------------------|----------------------------------------|--------------------------------------------------------|
| Chao Li       | \$ 73,893         | Corporate legal representative         | Other payables, interest free and payment on demand.   |
| Ming Yi       | 29,513            | Chief Financial Officer of the Company | Accrued expenses, interest free and payment on demand. |
| Xiaochen Zhao | 124               | Corporate legal representative         | Accrued expenses, interest free and payment on demand. |
| Chan Siu Kei  | 401,516           | NTAM's Director                        | Other payables, interest free and payment on demand.   |
| Total         | <u>\$ 505,046</u> |                                        |                                                        |

As of December 31, 2023, the amount due from the related parties was consisted of the followings:

| Name   | Amount           | Relationship                                          | Note                                                    |
|--------|------------------|-------------------------------------------------------|---------------------------------------------------------|
| Kai Xu | \$ 12,151        | Deputy General Manager of a subsidiary of the Company | Loan receivables*, interest free and payment on demand. |
| Total  | <u>\$ 12,151</u> |                                                       |                                                         |

During 2023, the Company had the following transactions with related parties:

| Name                        | Amount   | Relationship                                        | Note                                      |
|-----------------------------|----------|-----------------------------------------------------|-------------------------------------------|
| JKNDC Limited               | \$ 7,664 | A company owned by the minority shareholder of NTAM | Other income, net                         |
| JKNDC Limited               | 978,801  | A company owned by the minority shareholder of NTAM | Cost of revenue- Asset management service |
| Nice Talent Partner Limited | 459,867  | A company owned by the minority shareholder of NTAM | Consultancy fee                           |

During fiscal year 2023, the Company extended advances amounting to \$ 351,004 to five key management personnel, and a total of \$ 341,190 had been either repaid or classified as business expenses.

During fiscal year 2023, one key management personnel advanced a total of \$ 4,330 to the Company.

During fiscal year 2023, the Company did not pay a bonus to a key management personnel a total of \$ 401,516 .

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As of December 31, 2022, the amount due to the related parties was consisted of the followings:

| Name                                | Amount            | Relationship                                        | Note                                                                                                                                                                                             |
|-------------------------------------|-------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reits (Beijing) Technology Co., Ltd | \$ 14,538         | Zhi Yan is the legal representative of this company | Acquisition of intangibles upon the full completion of the online platform pursuant to an agreement originally entered between parties before Zhi Yan was the general manager of our subsidiary. |
| Zhi Yan                             | 221,204           | General Manager of a subsidiary of the Company      | Other payables, interest free and payment on demand.                                                                                                                                             |
| Total                               | <u>\$ 235,742</u> |                                                     |                                                                                                                                                                                                  |

As of December 31, 2022, the amount due from the related parties was consisted of the followings:

| Name   | Amount | Relationship                                          | Note                                                    |
|--------|--------|-------------------------------------------------------|---------------------------------------------------------|
| Kai Xu | \$ 16  | Deputy General Manager of a subsidiary of the Company | Loan receivables*, interest free and payment on demand. |

|                   |                  |                                                                                                          |                                                                              |
|-------------------|------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Ming Yi           |                  | Chief Financial Officer of the Company                                                                   | Loan receivables*, interest free and payment on demand.                      |
|                   | 12,135           |                                                                                                          |                                                                              |
| Jing Chen         |                  | Vice president of the Company                                                                            | Loan receivables*, interest free and payment on demand.                      |
|                   | 971              |                                                                                                          |                                                                              |
| Ola Johannes Lind |                  | Chief Executive Officer of the FTFT Capital Investments L.L.C. and Chief Strategy Officer of the Company | Loan receivables*, interest free and payment on demand.                      |
|                   | 2,168            |                                                                                                          |                                                                              |
| Wong Tai Kue      |                  | NTAM's Director                                                                                          | Advance to pay for directors* Amount is interest free and payment on demand. |
|                   | 37,836           |                                                                                                          |                                                                              |
| Total             | <u>\$ 53,126</u> |                                                                                                          |                                                                              |

During 2022, the Company had the following transactions with related parties:

| Name                        | Amount     | Relationship                                               | Note                                      |
|-----------------------------|------------|------------------------------------------------------------|-------------------------------------------|
| NDC                         | \$ 559,786 | A company owned by the minority shareholder of NTAM        | Cost of revenue- Asset management service |
| JKNDC Limited               | 249,666    | A company owned by the minority shareholder of NTAM        | Cost of revenue- Asset management service |
| Alpha Yield Limited         | 164,779    | A director of the Company is a shareholder of this company | Consultancy fee                           |
| NDC                         | 81         | A company owned by the minority shareholder of NTAM        | Consultancy fee                           |
| Nice Talent Partner Limited | 357,564    | A company owned by the minority shareholder of NTAM        | Consultancy fee                           |

During fiscal year 2022, the Company extended advances amounting to \$ 160,539 to six key management personnel, and a total of \$ 171,863 had been either repaid or classified as business expenses.

During fiscal year 2022, five key management personnel advanced a total of \$ 132,770 to the Company, and the Company repaid \$ 29,830 to them.

\* The related party transactions have been approved by the Company's Audit Committee.

## 20. INCOME TAX

The Company is incorporated in the United States of America and is subject to United States federal taxation. The applicable tax rate is 21 % in 2023 and 2022. No provisions for income taxes have been made, as the Company had no U.S. taxable income for the years ended December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, the Company had current income tax expenses of nil and \$ 456,598 , respectively.

The Company evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. For the year ended December 31, 2023, the Company had no unrecognized tax benefits. Due to uncertainties surrounding future utilization, the Company estimates there will not be sufficient future income to realize the deferred tax assets for certain subsidiaries and a VIE.

The amount of unrecognized deferred tax liabilities for temporary differences related to the dividend from foreign subsidiaries is not determined because such determination is not practical.

The Company has not provided deferred taxes on undistributed earnings attributable to its PRC and Hong Kong subsidiaries as they are to be permanently reinvested.

The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of ASC Topic 740, Income Taxes. Since the Company intends to reinvest its earnings to further expand its businesses in mainland China, its PRC subsidiaries do not intend to declare dividends to their immediate foreign holding companies in the foreseeable future. Accordingly, the Company has not recorded any deferred taxes in relation to US tax on the cumulative amount of undistributed retained earnings since January 1, 2008.

Effective on January 1, 2008, the PRC Enterprise Income Tax Law, EIT Law, and Implementing Rules imposed a unified enterprise income tax rate of 25 % on all domestic-invested enterprises and foreign-invested enterprises in the PRC, unless they qualify under certain limited exceptions. The tax rate for pre-tax profits below RMB 1 million to RMB 3 million is 5 %; the tax rate for pre-tax profits between RMB 1 million to RMB 3 million is 10 %. Other Subsidiaries and VIE were subject to an enterprise income tax rate of 25 %.

Each of Future Fin-Tech (Hong Kong) Limited, QR (HK) Limited and Nice Talent Asset Management Limited is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate below HKD2 million is 8.5 %, exceeding HKD2 million is 16.5 % in Hong Kong.

FTFT UK Limited is incorporated in United Kingdom and is subject to United Kingdom Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant United Kingdom tax laws. The applicable tax rate is 19 % in United Kingdom.

FTFT Capital Investments L.L.C is incorporated in Dubai, United Arab Emirates. The applicable tax rate is nil in Dubai, United Arab Emirates.

Digipay Fintech Limited is incorporated in British Virgin Island. The applicable tax rate is nil in British Virgin Island.

Significant components of the provision for income taxes are as follows:

|                                    | 2023            | 2022              |
|------------------------------------|-----------------|-------------------|
| Current tax                        | \$ -            | \$ 456,598        |
| Deferred tax - book-tax difference | 2,552           | 60,504            |
| The provision for income taxes     | <u>\$ 2,552</u> | <u>\$ 517,102</u> |

Reconciliation of the differences between the statutory EIT rate applicable to profits of the consolidated entities and the income tax expenses of the

Company:

|                                                 | 2023             | 2022             |
|-------------------------------------------------|------------------|------------------|
| Loss before taxation                            | \$ ( 34,399,829) | \$ ( 13,492,067) |
| Notional tax on profit before CIT and Hong Kong |                  |                  |
| Computed expected tax expense                   | ( 8,599,957)     | ( 3,373,017)     |
| Others, primarily the difference in tax rates   | 5,942,131        | 1,341,365        |
| Deferred tax assets losses not recognized       | 2,657,826        | 2,488,250        |
| Total                                           | \$ -             | \$ 456,598       |

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## 21. IMPAIRMENT LOSS

The Company recorded \$ 14.16 million of impairment loss in the year ended 2023 relating to the short - term investments \$ 12,633 and impairment of goodwill \$ 14.15 million.

Future Private Equity Fund Management (Hainan) Co., Ltd. invested \$ 1.83 million (RMB 13,000,000 ) to entrust Shanghai Yuli Enterprise Management Consulting Firm to invest in various types of investment portfolios. The Company may still suffer significant impairment loss or downward adjustments of our investments in the future, due to the potential worsening global economic conditions and the recent disruptions to, and volatility in, the continuing low market price of shares caused the Company to recognize a fair-value loss in 2023. According to the market value, the Company's balance of the short - term investments was \$ 12,633 on December 31, 2023.

Goodwill represents the excess of the cost over the net tangible and identified intangible assets of acquired businesses. The Company evaluate goodwill for impairment annually as of the first day of our fiscal fourth quarter, or more frequently if events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Based on the impairment analysis performed in the fourth quarter. The Company recorded \$ 14.15 million of impairment loss in fiscal year 2023 related with goodwill mainly arose from acquisition of Nice Talent Asset Management Limited, Khyber Money Exchange Ltd., Alpha International Securities (Hong Kong) Limited and Alpha Information Services (Shenzhen). Goodwill impairment test as of December 31, 2023 using compare the carrying amount of the reporting unit (including goodwill) with its fair value. If the carrying amount exceeds the fair value, compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss should be recognized.

The Company recorded \$ 3.25 million of impairment loss in the year ended 2022 relating to the short - term investments \$ 0.91 million, impairment of goodwill \$ 2.21 million and impairment of intangible assets \$ 0.13 million.

The Company has intangible assets for certain acquired trade names and trademarks which are determined to have indefinite useful lives. The Company test indefinite-lived intangible assets for impairment annually the same measurement date as goodwill, the first day of our fiscal fourth quarter, or more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Based on annual analysis, impairment of intangible assets \$ 0.13 million.

Future Private Equity Fund Management (Hainan) Co., Ltd. invested \$ 1.83 million (RMB 13,000,000 ) to entrust Shanghai Yuli Enterprise Management Consulting Firm to invest in various types of investment portfolios. The Company may still suffer significant impairment loss or downward adjustments of our investments in the future, due to the potential worsening global economic conditions and the recent disruptions to, and volatility in, the continuing low market price of shares caused the Company to recognize a fair-value loss in 2022. According to the market value, the Company's balance of the short - term investments was \$ 0.99 million on December 31, 2022.

Goodwill represents the excess of the cost over the net tangible and identified intangible assets of acquired businesses. The Company evaluate goodwill for impairment annually as of the first day of our fiscal fourth quarter, or more frequently if events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Based on the impairment analysis performed in the fourth quarter. The Company recorded \$ 2.21 million of impairment loss in fiscal year 2022 related with goodwill mainly arose from acquisition of Nice Talent Asset Management Limited and FTFT Finance UK Limited (formerly known as Khyber Money Exchange Ltd.). Goodwill impairment test as of December 31, 2022 using compare the carrying amount of the reporting unit (including goodwill) with its fair value. If the carrying amount exceeds the fair value, compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss should be recognized.

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## 22. SHARE BASED COMPENSATION

On February 1, 2023, the Company has authorized and approved a 1-for-5 reverse stock split of the Company's authorized shares of common stock from 300,000,000 shares to 60,000,000 shares.

### Consulting Service Agreement

On January 25, 2020, the Company entered into a Consulting Service Agreement (the "Agreement") with Dragon Investment Holding Limited (Malta) (the "Consultant"), a company incorporated in Malta, pursuant to which Consultant will: (i) help the Company to locate new merger projects globally, develop new merger strategy and provide the Company with at least five (5) merger and acquisition targets that have synergy with the Company's business and development plans and could clearly contribute to the Company's strategic goals each year; (ii) help the Company to map out new growth strategies in addition to its current business; (iii) work with the Company to explore new lines of business and associated growth strategies; and (iv) conduct market research and evaluating variable projects and providing feasibility studies per Company's request from time to time. The term of the Agreement is three years. In consideration of the services to be provided by the Consultant to the Company, the Company agrees to pay the Consultant a three-year consulting fee totaling \$ 3.0 million. The Company shall issue a total of 3,750,000 restricted shares of the Company Common Stock (the "Consultant Shares") at a price of \$ 0.794 per share (the closing price of the Agreement date), as the payment for the above mentioned consultant fee to the Consultant. On February 23, 2020, the Company issued the Consultant Shares pursuant to the Agreement, of which 1,500,000 shares were released to the Consultant immediately, 1,125,000 and 1,125,000 shares, respectively, will be held by the Company and released to the Consultant on January 25, 2021 and January 25, 2022 if this Agreement has not been terminated and there has been no breach of the Agreement by the Consultant at such time. If the second and/or third release of the shares mentioned above does not occur, such shares shall be returned to the Company as treasury shares. The shares contemplated in the Agreement were issued pursuant to the exemption from registration provided by Regulation S promulgated under the Securities Act of 1933, as amended. For the year ended December 31, 2020, the Company recorded stock related compensation of \$ 1.19 million, based

on the stock closing price of \$ 0.794 on the Agreement date, for the 1,500,000 shares which were released to the Consultant immediately upon issuance. On January 25, 2021, the Company recorded stock related compensation of \$ 0.89 million, based on the stock closing price of \$ 0.794 on the date of the Agreement, for the 1,125,000 shares which were released to the Consultant on January 25, 2021. On January 25, 2022, the Company released the final 1,125,000 shares to the Consultant and the Company has recognized stock related compensation of \$ 0.89 million for the 1,125,000 shares. The share numbers in this Note 25 are pre-reverse stock split effected on February 1, 2023.

#### Statutory reserve

During the years ended December 31, 2023 and 2022, the Company collectively attributed nil and \$ 36,975 of retained earnings for their statutory reserves, respectively.

#### Restricted net assets

PRC laws and regulations permit payments of dividends by the Company's subsidiaries incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's subsidiaries incorporated in the PRC are required to annually appropriate 10 % of their net income to the statutory reserve prior to payment of any dividends, unless the reserve has reached 50 % of their respective registered capital. Furthermore, registered share capital and capital reserve accounts are also restricted from distribution. As a result of the restrictions described above and elsewhere under PRC laws and regulations, the Company's subsidiaries incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company in the form of dividends. The restriction amounted to \$ 25,677,345 (RMB 181,864,932 ) as of December 31, 2023. Except for the above or disclosed elsewhere, there is no other restriction on the use of proceeds generated by the Company's subsidiaries to satisfy any obligations of the Company.

#### Payments-omnibus equity plan

On July 12, 2022 (the "Grant Date"), the Compensation Committee of the Board of Directors (the "Board") of the Company granted 3,047,000 shares of common stock of the Company, par value \$ 0.001 (the "Shares"), pursuant to the Company's 2020 Omnibus Equity Plan, to certain officers and employees of the Company and its subsidiaries (the "Grantees"), including: 800,000 shares to Shanchun Huang, Chief Executive Officer of the Company; 800,000 shares to Yongke Xue, President of the Company; 100,000 shares to Ming Yi, Chief Financial Officer of the Company, 547,000 shares to Peng Lei, general manager of a subsidiary of the Company, 300,000 shares to Pang Dong, general manager of a subsidiary the Company, and 500,000 shares to Kai Xu, Deputy General Manager of a subsidiary of the Company and vice president of blockchain division of the Company (collectively, the "Grants"). The Grants vested immediately on the Grant Date and each of the Grantees also entered into an Unrestricted Stock Award Agreement with the Company on July 12, 2022. As the closing price of the Company stock was \$ 0.42 on July 12, 2022, the Company recorded an expense of \$ 1.28 million in the third quarter of fiscal year 2022. As of the date of this report, the Shares have been issued to the Grantees. The share numbers in this Note 22 are pre-reverse stock split effected on February 1, 2023.

On October 12, 2023, the Compensation Committee of the Board of Directors of the Company granted 2,890,000 shares of common stock of the Company, par value \$ 0.001, pursuant to the Company's 2023 Omnibus Equity Plan, to certain officers and employees of the Company and its subsidiaries (the "Grantees"). As the closing price of the Company stock was \$ 1.20 on December 23, 2023, the Company recorded an expense of \$ 3.47 million in the third quarter of fiscal year 2023. As of the date of this report, the Shares have been issued to the Grantees.

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## **23. COMMON STOCK**

#### Securities Purchase Agreement

On December 24, 2020, the Company entered into a securities purchase agreement with certain purchasers, pursuant to which the Company sold to the purchasers in a registered direct offering, an aggregate of 4,210,530 units, each consisting of one share of our common stock and a warrant to purchase 1 share of our Common Stock, at a purchase price of \$ 1.90 per unit, for aggregate gross proceeds to the Company of \$ 8,000,007, before deducting fees to the placement agent and other offering expenses payable by the Company. On December 29, 2020, the Company issued Units consisting of an aggregate of 4,210,530 shares of our Common Stock and warrants to purchase up to an aggregate of 4,210,530 shares of our Common Stock at an exercise price of \$ 2.15 per share (the "Investors' Warrants"). The Investors' Warrants have a term of five years and are exercisable by the holder at any time after the date of issuance. In connection with the offering, the Company also issued placement agent a warrant to purchase 210,526 shares of our Common Stock (the "Placement Agent Warrant") on substantially the same terms as the Investors' Warrants, except that the Placement Agent Warrant has an exercise price of \$ 2.375 per share and are not exercisable until June 24, 2021. December 31, 2022 and 2023, outstanding warrant has 210,526 shares of our Common Stock.

On August 6, 2021, the Company, through its wholly owned subsidiary Future FinTech (Hong Kong) Limited., completed its acquisition of 90 % of the issued and outstanding shares of Nice Talent Asset Management Limited from Joy Rich Enterprises Limited (the "Nice Shares") for HK\$ 144,000,000 (the "Purchase Price") which shall be paid in the shares of common stock of the Company (the "Company Shares"). 60 % of the purchase price (\$ 11.22 million) was paid in 2,244,156 shares of common stock of the Company on August 4, 2021, at a price of \$ 5 per share. 40 % of the Purchase Price (\$ 7.39 million) was paid in 299,221 shares of common stock of the Company on October 17, 2023.

The share numbers in this Note 22 are pre-reverse stock split effected on February 1, 2023.

## **24. DISCONTINUED OPERATIONS**

On June 27, 2022, Chain Cloud Mall Logistics Center (Shanxi) Co., Ltd. was dissolved and deregistered.

On June 16, 2023, QR (HK) Limited was dissolved and deregistered.

On December 5, 2023, FTFT PARAGUAY S.A. was dissolved.

Loss from discontinued operations for fiscal years 2023 and 2022 was as follows:

|                            | December 31,<br>2023 | December 31,<br>2022 |
|----------------------------|----------------------|----------------------|
| REVENUES                   | \$ -                 | \$ -                 |
| COST OF SALES              | -                    | -                    |
| GROSS PROFIT               | -                    | -                    |
| OPERATING EXPENSES:        |                      |                      |
| General and administrative | -                    | 299,082              |

|                                                                 |            |               |
|-----------------------------------------------------------------|------------|---------------|
| Total                                                           | -          | 299,082       |
| OTHER INCOME (EXPENSE)                                          |            |               |
| Interest income                                                 | -          | -             |
| Interest expense                                                | -          | ( 11,696)     |
| Other income                                                    | -          | 3,737         |
| Total                                                           | -          | ( 7,959)      |
| Loss from discontinued operations before income tax             | -          | ( 307,041)    |
| Income tax provision                                            | -          | -             |
| Loss from discontinued operation before noncontrolling interest | \$ -       | -             |
| Gain (loss) on disposal of discontinued operations              | 386,482    | ( 154)        |
| Less: Net loss attributable to non-controlling interests        | -          | -             |
| LOSS FROM DISCONTINUED OPERATION                                | \$ 386,482 | \$ ( 307,195) |

The major components of assets and liabilities related to discontinued operations are summarized below:

|                                                      | December 31,<br>2023 | December 31,<br>2022 |
|------------------------------------------------------|----------------------|----------------------|
| Cash and cash equivalents                            | \$ -                 | \$ 74,250            |
| Other receivables                                    | -                    | 14,312               |
| Property, plant and equipment, net                   | -                    | 208,092              |
| Total assets related to discontinued operations      | \$ -                 | \$ 296,654           |
| Accrued expenses and other payables                  | \$ -                 | \$ 105,479           |
| Amount Due to Related Party                          | -                    | 9,077                |
| Total liabilities related to discontinued operations | \$ -                 | \$ 114,556           |

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## 25. SEGMENT REPORTING

In its operation of the business, management, including our chief operating decision maker, who is our Chief Executive Officer, reviews certain financial information, including segmented internal profit and loss statements prepared on a basis consistent with GAAP. The Company operates in three segments: supply chain financing service and trading business, asset management service and others.

The Company began to provide supply chain financing services during the second quarter of 2021 and the Company acquired Nice Talent and started to provide asset management services since August 2021. The Company began to provide sand and steel supply chain financing services during the first quarter of 2023.

Some of our operation might not individually meet the quantitative thresholds for determining reportable segments and we determine the reportable segments based on the discrete financial information provided to the chief operating decision maker. The chief operating decision maker evaluates the results of each segment in assessing performance and allocating resources among the segments. Since there is an overlap of services and products between different subsidiaries of the Company, the Company does not allocate operating expenses and assets based on the product segments. Therefore, operating expenses and asset information by segment are not presented. Segment profit represents the gross profit of each reportable segment.

For fiscal year 2023:

|                                 | Asset<br>management<br>service | Supply chain<br>financing/<br>trading | Others       | Total         |
|---------------------------------|--------------------------------|---------------------------------------|--------------|---------------|
| Reportable segment revenue      | \$ 12,882,521                  | \$ 20,769,323                         | \$ 1,213,709 | \$ 34,865,553 |
| Inter-segment loss              | -                              | -                                     | -            | -             |
| Revenue from external customers | \$ 12,882,521                  | 20,769,323                            | 1,213,709    | 34,865,553    |
| Segment gross profit            | \$ 3,656,650                   | \$ 465,020                            | \$ 766,025   | \$ 4,887,695  |

For fiscal year 2022:

|                                 | Asset<br>management<br>service | Supply chain<br>financing/<br>trading | Others     | Total         |
|---------------------------------|--------------------------------|---------------------------------------|------------|---------------|
| Reportable segment revenue      | \$ 13,630,508                  | \$ 10,107,996                         | \$ 142,502 | \$ 23,881,006 |
| Inter-segment loss              | -                              | -                                     | -          | -             |
| Revenue from external customers | \$ 13,630,508                  | 10,107,996                            | 142,502    | 23,881,006    |
| Segment gross profit            | \$ 4,948,314                   | \$ 338,970                            | \$ 108,162 | \$ 5,395,446  |

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Loss from Continuing Operations before Income Tax:

|                                | For the Years Ended, |            |
|--------------------------------|----------------------|------------|
|                                | 2023                 | 2022       |
| Supply chain financing/trading | 660,040              | ( 494,229) |
| Asset management service       | 4,037,857            | 2,431,254  |

|                                                   |               |               |
|---------------------------------------------------|---------------|---------------|
| Others                                            | ( 561,525)    | 1,337,694     |
| Corporate and Unallocated                         | 35,151,152    | 15,612,794    |
| Total operating expenses and other expense        | 39,287,524    | 18,887,513    |
| Loss from Continuing Operations before Income Tax | ( 34,399,829) | ( 13,492,067) |

Segment assets:

|                                          | December 31, |            |
|------------------------------------------|--------------|------------|
|                                          | 2023         | 2022       |
| Supply chain financing/trading           | 12,437,136   | 26,487,090 |
| Asset management service                 | 3,640,811    | 3,387,506  |
| Others                                   | 23,855,261   | 14,090,091 |
| Corporate and Unallocated                | 21,007,542   | 40,756,378 |
| Assets related to discontinued operation | -            | 296,654    |
| Total assets                             | 60,940,750   | 85,017,719 |

Assets subject to attribution to business segments largely include property, plant and equipment, receivable and right of use assets. All other items are reflected in Corporate and Unallocated.

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## 26. COMMITMENTS AND CONTINGENCIES

### Legal case with FT Global Litigation

In January 2021, FT Global Capital, Inc. ("FT Global"), a former placement agent of the Company filed a lawsuit against the Company in the Superior Court of Fulton County, Georgia. FT Global served the complaint upon the Company in January 2021. In the complaint, FT Global alleges claims, most of which attempt to hold the Company liable under legal theories that relate back to an alleged breach of an exclusive placement agent agreement between FT Global and the Company in July 2020 which had a term of three months. FT Global claims that the Company failed to compensate FT Global for securities purchase transactions between December 2020 and April 2021, pursuant to the terms of the expired exclusive placement agent agreement. Allegedly, the exclusive placement agent agreement required the Company to pay FT Global for capital received during the term of the agreement and for the 12-month period following the termination of the agreement involving any investors that FT Global introduced and/or wall-crossed to the Company. However, the Company believes the securities purchase transactions at issue did not involve the one investor which FT Global introduced or wall-crossed to the Company during the term of the agreement. FT Global claims approximately \$ 7,000,000 in damages and attorneys' fees.

The Company timely removed the case to the United States District Court for the Northern District of Georgia (the "Court") on February 9, 2021 based on diversity of jurisdiction. On March 9, 2021, the Company filed a motion to dismiss based on FT Global's failure to state a claim which is pending before the Court. On March 23, 2021, FT Global filed its response to the Company's motion to dismiss. FT Global argues that the Court should deny the Company's motion to dismiss. However, if the Court is inclined to grant the Company's motion to dismiss, FT Global requested that the Court permit it to file an amended complaint. On April 8, 2021, the parties filed a Joint Preliminary Report and Discovery Plan. On April 12, 2021, the Court approved the Joint Preliminary Report and Discovery Plan and issued a Scheduling Order placing this case on a six-month discovery tract. On April 30, 2021, the Company served FT Global with its Initial Disclosures. On May 6, 2021, FT Global served the Company with its Initial Disclosures. On May 17, 2021, FT Global served the Company with its First Amended Initial Disclosures. On November 10, 2021, the Court entered an Order granting the Company's motion to dismiss FT Global's fraud claim and breach of contract claim as to the disclosure of its confidential and proprietary information. The Court denied the Company's motion to dismiss FT Global's i) breach of contract claim for failure to pay FT Global pursuant to the terms of the exclusive placement agent agreement; ii) claim for breach of the covenant of good faith and fair dealing; and iii) claim for attorney's fees, and the court concluded that additional information can be obtained through discovery. The Company timely filed an answer and defenses to FT Global's complaint on November 24, 2021. On January 3, 2022 the Company propounded discovery requests upon FT Global, including interrogatories and requests for production of documents. On March 23, 2022, the Company propounded requests for admission upon FT Global. On March 24, 2022, FT Global propounded discovery requests upon the Company, including requests for production of documents and requests for admission. On April 1, 2022, FT Global served its response to the Company's requests for production of documents. On May 13, 2022, FT Global served its responses to the Company's interrogatories and requests for admissions. On May 13, 2022, FT Global produced documents in response to the Company's requests for production of documents. On June 3, 2022, the Company produced documents in response to FT Global's requests for production of documents. On August 3, 2022, the Company took the deposition of FT Global. On August 4, 2022, FT Global took the deposition of the Company. On August 3, 2022, the Court granted the parties' Consent Motion to Extend Discovery Period extending the discovery period from August 5, 2022 to September 14, 2022 and the deadline to file dispositive motions to October 12, 2022. On October 12, 2022, the Company filed a motion for summary judgment on all claims asserted by FT Global in this lawsuit. On November 2, 2022, FT Global filed its opposition to the Company's motion for summary judgment. On November 16, 2022, the Company filed its reply in support of its motion for summary judgment on all claims asserted by FT Global in this lawsuit. On August 31, 2023, the Court entered an Order denying the Company's motion for summary judgment. On September 20, 2023, the parties filed a joint motion to extend the deadline to file the consolidated pretrial order pending mediation of the case by the parties. On September 21, 2023, the Court granted the parties' joint motion to extend the deadline to file the consolidated pretrial order to October 27, 2023. On October 16, 2023, the parties mediated the case. On October 24, 2023, the parties filed another joint motion to extend the deadline to file the consolidated pretrial order. On October 27, 2023, the Court granted the parties' joint motion to extend the deadline to file the consolidated pretrial order to November 17, 2023 and set the case for trial on January 8, 2024. Subsequently, the Court approved an extension of the deadline to file a pretrial order to December 1, 2023. The Court has also rescheduled the trial to commence on April 8, 2024. The trial began on April 8, 2024 and ended on April 11, 2024, on which date the jury returned a verdict in favor of FT Global and the Court entered a judgment awarding FT Global \$ 8,875,265.31. On April 12, 2024, FT Global requested that the Court add \$ 1,723,136.44 in prejudgment interest to the judgment amount. The Company will continue to vigorously defend the action against FT Global, including by appealing the judgment to the United States Court of Appeals for the Eleventh Circuit.

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## 27. RISKS AND UNCERTAINTIES

### Impact of COVID-19

In December 2019, a novel strain of coronavirus was reported and has spread throughout China and other parts of the world. On March 11, 2020, the World Health Organization characterized the outbreak as a "pandemic". In early 2020, Chinese government took emergency measures to combat the

spread of the virus, including quarantines, travel restrictions, and the temporary closure of office buildings and facilities in China. In response to the evolving dynamics related to the COVID-19 outbreak, the Company was following the guidelines of local authorities as it prioritizes the health and safety of its employees, contractors, suppliers and business partners. Our offices in China were closed and the employees worked from home at the end of January 2020 until late March 2020. The quarantines, travel restrictions, and the temporary closure of office buildings have materially negatively impacted our business. The outbreak has had and might continue to have disruption to our supply chain, logistics providers, customers or our marketing activities with the new variants of COVID-19, which could materially adversely impact our business and results of operations. There were outbreaks in various cities and provinces in China due to Omicron variant, such as Xi'an city, Hong Kong, Shanghai, Beijing and other cities in 2022, which have resulted quarantines, travel restrictions, and temporary closure of office buildings and facilities in these cities. In December 2022, the Chinese government eased its strict zero COVID-19 policy which resulted in a surge of new COVID-19 cases during December 2022 and January 2023, which has disrupted our business operations in China. The Company's promotion strategy of CCM Shopping Mall previously mainly relied on the training of members and distributors through meetings and conferences. Chinese government put a restriction on large gatherings in 2020 and 2021, which made the promotion strategy for our online e-commerce platforms difficult to implement and the Company experienced difficulties to subscribe new members for its online e-commerce platforms. Since 2021, CCM generated minimal revenue and business for the Company. The Company started a process to close it down in November 2023 and completed deregistration and dissolution of the VIE with local authority on March 7, 2024.

While the potential economic impact brought by new variants of COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing our ability to access capital, which could negatively affect our liquidity. Further, as we do not have access to a revolving credit facility, there can be no assurance that we would be able to secure commercial debt financing in the future in the event that we require additional capital. In the event that we do need to raise capital in the future and there is any outbreak due to new variants, outbreak-related instability in the securities markets could adversely affect our ability to raise additional capital.

#### **PRC Regulations**

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 and the enforcement and performance of our arrangements with customers in certain circumstances. We are considered foreign persons or foreign funded enterprises under PRC laws and, as a result, we are required to comply with PRC laws and regulations related to foreign persons and foreign funded enterprises. These laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

#### **Customer concentration risk**

For the year ended December 31, 2023, two customers accounted for 53.59 % and 32.74 % of the Company's total revenues. For the year ended December 31, 2022, two customers accounted for 52.86 % and 12.29 % of the Company's total revenues.

#### **Vendor concentration risk**

For the year ended December 31, 2023, one vendor accounted for 71.96 % of the Company's total purchases. For the year ended December 31, 2022, two vendors accounted for 18.85 % and 15.87 % of the Company's total purchases.

#### **28. SUBSEQUENT EVENTS**

On March 7, 2024, Chain Cloud Mall Network and Technology (Tianjin) Co., Limited was dissolved and deregistered, amount was \$ 616,411 .

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Future FinTech Group Inc. (the "Company", "we", "us" or "our") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") which consists of common stock, \$0.001 par value per share (the "Common Stock"). The following is a summary of our capital stock and certain provisions of our certificate of incorporation and bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Second Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation"), our Amended and Restated Bylaws ("Bylaws"), and applicable provisions of the Florida Business Corporation Act (the "FCBA").

Our authorized capital stock consists of 60,000,000 shares of Common Stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share. Currently, we have no other authorized classes of stock as of April 12, 2024.

**DESCRIPTION OF COMMON STOCK**

As of April 12, 2024, there were 19,985,410 shares of our Common Stock outstanding, held by approximately 32 stockholders of record.

Our Common Stock is currently traded on The NASDAQ Capital Market under the symbol "FTFT". The transfer agent and registrar for our common stock is TranShare Securities Transfer and Registrar.

Holders of shares of our Common Stock are entitled to one vote for each share on all matters to be voted on by the shareholders. Except if a greater plurality is required by the express requirements of law or our Articles of Incorporation, the affirmative vote of a majority of the shares of voting stock represented at a meeting of shareholders at which there shall be a quorum present shall be required to authorize all matters to be voted upon by our shareholders. According to our charter documents, holders of our Common Stock do not have preemptive rights and are not entitled to cumulative voting rights. There are no conversion or redemption rights or sinking funds provided for our shareholders. Shares of our Common Stock share ratably in dividends, if any, as may be declared from time to time by the board of directors in its discretion from funds legally available for distribution as dividends. In the event of our liquidation, dissolution or winding up, the holders of our Common Stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. All of the outstanding shares of our Common Stock are fully paid and non-assessable.

**Anti-Takeover Effects of Certain Provisions of Florida Law**

As a Florida corporation, we are also subject to certain provisions of the FCBA that have anti-takeover effects and may inhibit a non-negotiated merger or other business combination. Our Articles of Incorporation and Bylaws also contain other provisions which could have anti-takeover effects. These provisions include, without limitation, the authority of our Board of Directors to issue additional shares of preferred stock and to fix the relative rights and preferences of the preferred stock without the need for any shareholder vote or approval, as discussed above, and advance notice procedures to be complied with by our shareholders in order to make shareholder proposals or nominate directors.

In addition, the FBCA prohibits the voting of shares in an "issuing public corporation" that are acquired in a "control share acquisition" unless the board of directors of the corporation approves the control share acquisition before the acquisition or the holders of a majority of the corporation's voting shares (excluding shares held by officers of the corporation, inside directors of the corporation or the acquiring party) approve the granting of voting rights as to the shares acquired in the control share acquisition. An "issuing public corporation" is a corporation that has (i) 100 or more shareholders, (ii) its principal place of business, its principal office or substantial assets in Florida and (iii) either more than 10% of its shareholders residing in Florida, more than 10% of its shares owned by Florida residents or 1,000 shareholders residing in Florida. "Control shares" are defined in the FBCA as shares acquired by a person, either directly or indirectly, that when added to all other shares of the issuing corporation owned by that person, would entitle that person to exercise, either directly or indirectly, voting power in the election of directors within any of the following ranges: (i) 20% or more but less than 33% of all voting power of the corporation's voting securities; (ii) 33% or more but less than a majority of all voting power of the corporation's voting securities; or (iii) a majority or more of all of the voting power of the corporation's voting securities. These provisions do not apply to shares acquired under, among other things, an agreement or plan of merger or share exchange effected in compliance with the relevant provisions of the FBCA and to which the corporation is a party, or an acquisition of shares previously approved by the board of directors of the corporation.

The FBCA also prohibits a publicly held Florida corporation from engaging in a number of mergers, consolidations, dispositions of assets, or other business combinations or extraordinary corporate transactions (each such transaction, an "affiliated transaction") with an "interested shareholder" for a period of three years following the time that such shareholder became an interested shareholder unless: (x) prior to such shareholder becoming an interested shareholder, the board of directors of the corporation approved either the affiliated transaction or the transaction which resulted in the shareholder becoming an interested shareholder; (y) upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85 percent of the outstanding voting shares of the corporation (other than shares held by directors who are also officers and certain employee benefit plans); or (z) the affiliated transaction is approved by the board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least two thirds of the outstanding voting shares which are not owned by the interested shareholder. An "interested shareholder" is any person who, together with such person's affiliates and associates, beneficially owns 15% or more of the outstanding voting stock of a corporation. The above approval is not required if (i) a majority of the disinterested directors has approved the affiliated transaction, (ii) the corporation has not had more than 300 shareholders of record at any time during the three years preceding the date of the transaction's announcement, (iii) the interested shareholder has been the beneficial owner of at least 80% of the corporation's outstanding voting shares for at least three years preceding the date of the transaction's announcement, (iv) the interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares of the corporation, exclusive of shares acquired directly from the corporation in a transaction not approved by a majority of the disinterested directors, (v) the corporation is an investment company registered under the Investment Company Act of 1940, or (vi) the consideration that holders of each class or series of stock of the corporation will receive in the affiliated transaction meets certain minimum levels determined by a formula under the FBCA.



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**FUTURE FINTECH GROUP INC.**  
**(Group and its Subsidiaries)**  
**CODE OF BUSINESS CONDUCT AND ETHICS**  
**(Applicable to all Employees and Directors)**

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**Acknowledgement Form**

**SECTION 1: EXECUTIVE SUMMARY**

Future FinTech Group Inc. ("Future FinTech") is a fintech company that is developing an operational platform to utilize blockchain technology to participate in the shared economy, as well as for the distribution, marketing and sales of various products. The Company's legacy business is the production and sales of fruit juice concentrates, fruit beverages, and other fruit related products in China and certain overseas markets, and FTFT is utilizing fintech solutions to operate and grow this business. The Company is also developing a regional agricultural products commodities market with the goal to become a leader in agricultural finance technology.

The Future FinTech Code of Business Conduct and Ethics (the "Code of Conduct") sets the standards of business behavior and ethics that apply across the entire company. This Code applies to every Director, Officer and employee of Future FinTech and each of its subsidiaries.

It is the intent of Future FinTech to strive for the highest ethical conduct from all board members, officers and staff. The leadership of Future FinTech is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the organization. These sensitive positions include officers, key senior staff members designated by the chief executive, and members of the board.

In an effort to achieve the highest standards of conduct, each officer, key staff member, and Board member is requested to acknowledge (by signing) the following adopted Code of Ethics. This acknowledgement will be kept on file in the human resources department.

All officers, key staff members, and members of the Board of Future FinTech are required and expected to exercise the highest ethical standards of conduct and practice fundamental honesty at all times.

## **SECTION 2: INTRODUCTION**

Future FinTech expects all representatives of the Company and its subsidiaries (collectively, the "Company") to act with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules, regulations, and Company policies and procedures. This Code may be amended only by resolution of the Company's Board of Directors. The Code is designed to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in the reports and documents the Company files with, or submits to, the Securities and Exchange Commission, as well as in other public communications made by or on behalf of the Company;
- Compliance with applicable governmental laws, rules and regulations;
- Prompt reporting to the appropriate person of violations of laws, rules, regulations, this Code and other Company policies; and
- Accountability for adherence to this Code.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic guiding principles. All business conduct should be well above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Company's operations.

In general, the use of good judgment based on high ethical principles will guide Directors, officers, and employees with respect to lines of acceptable conduct. However, if a situation arises where it is difficult to determine the proper course of conduct, or where questions arise concerning the propriety of certain conduct by an individual or others, the matter should be brought to the attention of the Company. Employees should contact their immediate supervisor and, if necessary, the Director of Human Resources or the Company's legal counsel.

The Board of Directors shall be responsible for, or shall designate a committee to be responsible for, determining the appropriate actions to be taken in the event of a breach of this Code of Conduct. Failure to observe the policies set forth in this Code and/or the policies applicable to the business may result in disciplinary action, up to and including immediate termination of employment or other relationship with Future FinTech. Furthermore, violations of this Code may also be violations of the law and may result in criminal penalties for employees, supervisors and/or Future FinTech.

This Code of Conduct neither constitutes nor should be construed to constitute a contract of employment for a definite term or a guarantee of continued employment.

## **SECTION 3: CODE OF CONDUCT**

### **Section 3.1: Personal and Professional Integrity**

All staff, board members, and agents of Future FinTech must act with honesty, integrity, and openness in all their dealings as representatives of the Company. The Company promotes a working environment that values respect, fairness, and integrity.

Each person must:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of the Company's information where required or in the Company's interests.
- Observe all applicable governmental laws, rules and regulations.
- Comply with the requirements of applicable accounting and auditing standards, as well as Company policies, in the maintenance of a high standard of accuracy and completeness in the Company's financial records and other business-related information and data.
- Comply with policies and procedures established by the Company, including policy manuals, procedure manuals, safety manuals and employee handbooks.
- Adhere to a high standard of business ethics and not seek competitive advantage through unlawful or unethical business practices.
- Deal fairly with the Company's customers, suppliers, competitors and employees.
- Refrain from taking advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.
- Protect the assets of the Company and ensure their proper use.

- Refrain from taking for themselves personal opportunities that are discovered through the use of corporate assets or using corporate assets, information or position for general personal gain outside the scope of employment with the Company.



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### **Section 3.2: Conflict of Interest and Related Matters**

Future FinTech expects that employees perform their duties conscientiously, honestly, and in accordance with the best interests of the Company. Employees are expected to avoid situations that might involve a conflict between their private interests (financial or other) and the interests of the Company. If employees sense that a course of action they have pursued, are presently pursuing, or are contemplating pursuing, may involve them in a conflict of interest with their employer, they should immediately communicate all the facts to their superior. The employee's participation in any activity that could involve an actual conflict of interest requires the advance approval of the Chief Executive Officer. Conflict of interest situations involving members of the Board of Directors should be disclosed to the Board of Director's Audit Committee, or if necessary, the Company's legal counsel. The following examples will serve as a guide to activity which should be disclosed to the Company for advance approval or which may be prohibited:

- **Financial Interests in Other Businesses**

A potential conflict of interest arises if an employee or any person having a close personal relationship with an employee or their family member has a direct or indirect interest in, or may derive a benefit from, or is employed by a business enterprise which does or seeks to do business with the Company. A "substantial interest" is generally considered to be ownership of more than 1% of a public company, or a controlling interest, either alone or in concert with a group, in a private company. Ownership of a substantial interest is not necessarily prohibited, but must be disclosed to the Company.

- **Gifts, Entertainment, Kickbacks and Secret Commissions**

In general, employees may not accept gifts or the conveyance of anything of value (including entertainment) from current or prospective Future FinTech customers or vendors. They may never accept entertainment, gifts, or personal favors that could, in any way, influence or appear to influence business decisions in favor of any person or organization with whom or with which the Company has, or is likely to have, business dealings. Similarly, an employee may not accept any other preferential treatment under these circumstances because their position with the Company might be inclined to, or be perceived to, place them under obligation.

Cash gifts or their equivalent (e.g., gift cards or vouchers) may not be accepted under any circumstances. Noncash gifts may be accepted when permitted under applicable law if they are (1) nominal in value (i.e., less than or equal to U.S. \$100); (2) appropriate, customary and reasonable meals and entertainment at which the giver is present, such as an occasional business meal or sporting event; or (3) gifts based on family or personal relationships, and clearly not meant to influence the Company's business.

Regarding the Company's business activities, employees may not receive payment or compensation of any kind, except as authorized under the Company's remuneration policies. In particular, Future FinTech strictly prohibits the acceptance of kickbacks and secret commissions from suppliers or others.

- **Corporate Opportunities**

Employees owe a duty to Future FinTech to advance its legitimate interests when the opportunity to do so arises. Employees may not take for themselves a potential corporate opportunity that is discovered in the course of their Future FinTech employment or representation or through the use of corporate property, information or position, nor may they compete against Future FinTech.

Employees may not develop new technologies within the scope of the Company's business for themselves or take business opportunities within the scope of the Company's business that are offered or available to the Company for themselves. All copyrights, patents, trade secrets or other intellectual property associated with every idea, concept, technique, invention, process and work of authorship developed or created by an employee in the course of performing work for the Company belongs to the Company, and, if requested, shall be specifically assigned by the employee to the Company.



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- **Working for a Competitor, Supplier or Customer**

It is prohibited for Future FinTech employees to work for competitors, suppliers or customers simultaneously with their working for the Company.

### **Section 3.3: Business Relationships**

Future FinTech seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. Future FinTech is committed to dealing fairly with the Company's customers, suppliers, competitors and employees. No person may take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts or other unfair dealings or practices.

- **Customer Relationships**

Our customers are extremely important to us. They are the reason the Company exists and our success depends upon their satisfaction. Customers and suppliers are always to be treated with the utmost respect and courtesy. They are also to be treated fairly.

Information that we have regarding our customers and suppliers is to be kept confidential and used only for Company purposes and, where relevant, in accordance with executed non-disclosure agreement(s) between the parties. Customer satisfaction is the job of every employee.

- **Suppliers**

We maintain open and frank business dealings with our suppliers and strive to develop mutually advantageous relationships. Future FinTech purchases all goods and services on the basis of quality, price, services offered, and integrity of reputation. Vendors and service providers must adhere to high ethical standards and avoid engaging in any activity that involves even the appearance of impropriety. All vendors must comply with all applicable laws and regulations and must ensure that all goods and services provided by them conform to all applicable legal standards.

- **Consultant and Representatives**

Agreements with representatives, agents, marketing consultants, distributors and other parties must adhere to applicable laws and regulations.

### **Section 3.4: Business Practices**

- **Records and Reporting**

The records, data and information owned, collected, used and managed by Future FinTech must be accurate and complete. Employees are personally responsible for the integrity of the information, records and reports under their control. Records must be maintained in sufficient detail as to reflect accurately the Company's transactions. This includes appropriate accounting and internal financial controls.



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Employees must not make or engage in any false record or communication of any kind, whether internal or external, including, but not limited to:

- False expense, attendance, production, financial, or similar reports and statements;
- False advertising, deceptive marketing practices, or other misleading representations.

Employees must use common sense and observe professional standards regarding content and language when creating business records and other documents (such as email), and recognize that such documents will comprise the permanent record of events for any future reference.

Employees are required to cooperate fully with appropriately authorized internal or external investigations. Employees must never withhold or fail to communicate information that raises ethical questions and thus should be brought to the attention of higher levels of management.

Records should be retained in accordance with the Company's policies and in accordance with all applicable laws. Employees are prohibited from destroying or altering any records that are potentially relevant to a violation of law, legal claim or any litigation or any pending, threatened or foreseeable government investigation or proceeding.

All financial statements must be prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, Future FinTech's financial condition and results.

All reports filed with the Securities and Exchange Commission must not contain any fraudulent misstatement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading. No information may be withheld or misrepresented to auditors either internal or external to the Company.

Any employee having information or knowledge of any hidden fund or asset, any false or artificial entry in the books and records of the Company or any inappropriate payment, or any concerns or complaints regarding questionable accounting, internal accounting controls or auditing matters should promptly submit those concerns or complaints through the Company's confidential Whistleblower Program or to their immediate supervisors.

- **Protection and Proper Use of Company Assets**

Employees are responsible for safeguarding the tangible and intangible assets of Future FinTech and its clients, vendors and distributors that are under their control. Future FinTech assets may be used only for appropriate business purposes, unless they obtain authorization in advance from their manager. Assets include cash, furniture, fixtures and equipment, business plans, customer and employee information, vendor information, financial reports, intellectual property (computer programs, models and other items), physical property and services.



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Company property, resources or position may never be used for improper personal gain, and employees are prohibited from taking or keeping Company property or resources upon termination of employment or affiliation with Future FinTech. Copying, selling, using or distributing information, software, and other forms of intellectual property in violation of license agreements or otherwise is prohibited. Misappropriation of corporate assets is a breach of duty to Future FinTech and may constitute an act of fraud against the Company. Similarly, carelessness or waste in regard to corporate assets is also a breach of duty to Future FinTech.

Internet access and all Company electronic communications systems, such as e-mail and voice-mail systems, are primarily for business purposes. Employees may not use these systems in a manner that could be harmful or embarrassing to Future FinTech. All communications are subject to access,

monitoring and review by appropriate, authorized Company personnel at any time. The monitoring and reviewing of electronic communications must be approved by the CEO. Personal communications using these systems is expected to be incidental and should be kept to a minimum. Use of the internet must be in compliance with all applicable laws and the terms of use of any third-party sites accessed. Future FinTech Internet servers may not be used for the unauthorized downloading, or use, of any copyrighted or unlicensed material. This includes the downloading of music, unlicensed software, copyrighted images, video or printed material. The Internet may not be accessed from a Future FinTech server to view, download or post harassing, offensive or nonbusiness-related material from or to a website.

Employees who have access to Future FinTech funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in Future FinTech's Policy and Procedure manuals or other explanatory materials, or both. The Company imposes strict standards to prevent fraud and dishonesty. If an employee becomes aware of any evidence of fraud and dishonesty, they should immediately advise the appropriate supervisor.

When an employee's position requires spending the Company's funds or incurring any reimbursable personal expenses, that individual must use good judgment on the Company's behalf to ensure that good value is received for every expenditure.

If an employee becomes aware of the theft or misuse of Company assets, the employee should immediately report the matter to his or her supervisor or the CEO.

- **Proprietary and Confidential Information**

Employees must retain in strictest confidence, and use solely for the benefit of the Company, all proprietary and confidential information relating to the Company that they acquire, directly or indirectly, in connection with their employment or association with the Company. Proprietary or confidential information about the Company may not be disclosed to anyone outside the Company without specific authorization. This particularly includes information concerning the Company's proprietary technology, inventions, software, any improvements of the foregoing, non-public business plans and strategies, non-public information relating to sales, prospective sales or customers, or financial information. It does not matter whether or not this disclosure or use is motivated by an actual or anticipated personal profit or advantage. Any information about the Company is presumed to be "confidential" until it is made available to the public through the press, periodicals, financial or business publications, or similar sources.



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Employees are responsible for safeguarding all proprietary and confidential information under their control. This includes taking steps to ensure business related paperwork and documents are produced, copied, faxed, stored and discarded in a manner that minimizes the risk that unauthorized persons might obtain access to them. Employees should also ensure that access to work areas and computers is properly controlled. They should not discuss proprietary or confidential information in public places such as elevators, restaurants, restrooms and public transportations, or on cellular phones where there is a potential for such information to be transmitted to unauthorized persons.

- **Regulatory Compliance**

The Company is committed to conducting its business in compliance with all applicable federal and state statutes and regulations. The Company promotes compliance with the laws, rules and regulations, including insider-trading laws, of all cities, states, countries and other jurisdictions in which the Company operates. All employees, officers and Directors should seek advice from their supervisor, Company counsel or other appropriate Company personnel if they have any questions regarding compliance with any laws, rules or regulations.

- **Insider Trading**

Employees, officers and Directors must comply fully with applicable insider trading and securities laws governing transactions in Future FinTech securities. Securities include common stocks, bonds, options, and other financial instruments. If an employee, officer or Director possesses or has access to material, non-public information gained through their work with Future FinTech, they must use that information solely for the purpose for which it was provided to them. They may not use it to gain personal benefit or trade in securities. These restrictions also apply to family members, friends, and associates.

It is also illegal in many countries to "tip" or pass on inside information to any other person if they know or reasonably suspect that the person receiving such information from them will misuse such information by trading in securities or passing such information on further, even if they do not receive any monetary benefit from the tippee. Consequences for insider trading violations can be severe, including employment termination, civil and/or criminal penalties.

- **Commitment to the Environment**

It has been, and will continue to be, the intent of the Company to conduct its business in an environmentally responsible manner. Accordingly, the Company undertakes to:

- Comply with the spirit and intent, as well as the letter, of environmental laws, regulations and standards.
- Incorporate environmental protection and stewardship as an integral part of the design, construction, operation and maintenance of its facilities.
- Encourage the wise use of energy to minimize the impact on the environment.

### **Section 3.5: Government Dealings and Investigations**

- **Political Activities and Contributions**

Employees have the right to participate voluntarily in the political process. No one in the Company may require an employee to contribute to, support or oppose any political candidate or group. If an employee, officer or Director chooses to participate in the political process, the person must do so as an individual, not as a representative of the Company, unless this activity is understood to be part of their job function for the Company. The person may not work on a political fundraiser or other campaign activity while at work or use Company property for these activities.

Any overt, visible and partisan political activity that could cause someone to believe that their actions reflect the views or position of the Company requires the prior approval of their supervisor.

- **Foreign Corrupt Practices Act**

The Foreign Corrupt Practices Act of 1977 (FCPA), as amended, in general prohibits U.S. companies from making payments to any foreign official, political party official or candidate for political office in order to influence a business decision.

Under the provisions of the Act:

- Bribes to a non-U.S. official, political party, political party official, or candidate for political office, to assist in obtaining, retaining or directing business to any person are prohibited.
- Complete and accurate books, records and accounts, in reasonable detail, must be kept and must fairly reflect transactions and dispositions of assets.
- A system of internal accounting controls must be maintained and such system must be sufficient to provide reasonable assurances that
- transactions are executed in accordance with management authorizations;
- transactions are recorded as necessary to permit the preparation of financial statements in conformity with generally accepted accounting principles;
- access to assets is permitted only in accordance with management's authorization; and
- the recorded accountability for assets is compared with existing assets at reasonable intervals.

It is our policy to comply with all applicable provisions of the Act.

- **Government Investigations**

It is the Company's policy to fully cooperate with government investigations. It is critical, however, that the Company be represented by its own legal counsel during any investigation. If any employee believes that a government investigation or inquiry is imminent, or any inquiries are made, this information should be communicated immediately to the Chief Executive Officer or other members of management before he provides any answers wherever possible, in order to assure that the Company is properly represented by counsel.

### **Section 3.6: Work Place Responsibilities**

- **Safety and Health**

The safety and security of people in the workplace is a primary concern of Future FinTech. No job is so important that it has to be worked in an unsafe manner. Supervisors and management are responsible for monitoring the use of all reasonable safeguards in the workplace including Company procedures, safe work practices, and personal protective equipment. Employees are responsible for maintaining a safe workplace by following safety and health rules and practices. Employees should immediately report accidents, injuries and unsafe equipment/practices or conditions to a supervisor or other designated person.

- **Fair Employment and Diversity**

The Company considers diversity in our people critical to our success, and we seek to recruit, develop and retain the most talented people from a diverse candidate pool. Advancement at our Company is based on talent and performance. We are fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of fair employment practices and nondiscrimination.

- **Discrimination and Harassment**

The Company is committed to maintaining a workplace free of discrimination on the basis of any protected characteristic, including race, color, national origin, sex, age, religion or disability and will take appropriate measures to prevent and/or stop it. If an employee believes that he or she is being subjected to harassing behavior, or if the employee observes or receives a complaint regarding such behavior, the employee should report it to his or her supervisor, or the Company's Human Resources Manager. The Company will promptly investigate all allegations of harassment or discrimination and will take

appropriate corrective action to the fullest extent permitted by local law. Retaliation against individuals for raising in good faith claims of harassment or discrimination is prohibited.

- **Other Employment Matters**

To ensure that our business is conducted properly and efficiently, employees must conform to certain standards of work performance and other laws and regulations. They must never engage in unsafe, threatening or violent verbal or physical conduct in the workplace. Supervisors or managers must be notified immediately of employee misconduct, including criminal acts that occurred while performing or relevant to the Company's business.

**Section 4: Waiver and Compliance**

Any waiver of the Code for executive officers and Directors may be made only by the Board or a Board Committee. Any such waiver must be promptly disclosed to shareholders in accordance with applicable SEC rules. The Company generally will not grant such waivers and will make exceptions only for good cause. Any employee who believes that a violation of this policy has occurred should utilize the guidelines provided in the Whistleblower Program. The Whistleblower Program and the procedures for reporting under the said program are contained in a separate document and are a part of this Corporate Governance Program.

For New Hires Only:

I acknowledge that I have read the Future FinTech Code of Conduct and understand my obligations as an employee to comply with the principles, policies and laws outlined in the Code of Conduct, including any amendments made by Future FinTech. I understand that a current copy of the Code of Conduct is posted on Future FinTech's website.  
[www.ffft.top](http://www.ffft.top)

I understand that my agreement to comply with the Code of Conduct neither constitutes nor should be construed to constitute either a contract of employment for a definite term or a guarantee of continued employment.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name (please print): \_\_\_\_\_

**This signed and completed form must be returned within 30 days of receiving this booklet. Failure to do so will not affect the applicability of this Code of Conduct or any of its provisions to you.**

***Note: Please sign and return to the Human Resources Department***



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## FUTURE FINTECH GROUP INC.

### INSIDER TRADING POLICY

January 2009

#### I. INTRODUCTION

It is improper, and in most cases illegal, for insiders to buy or sell the Company's securities while he/she is in possession of material nonpublic information, or to pass such information to others other than in the necessary course of business. Violation of insider trading regulations can result in civil as well as criminal penalties.

In order to enhance the compliance with the reporting and short-swing liability provisions of Section 16 of the 1934 Act, and to avoid insider trading violations under Rule 10b-5 of the 1934 Act, the Company has adopted the policies and procedures described in this Insider Trading Policy.

#### II. APPLICABILITY

This policy is applicable for all of its directors, officers and employees, as well as their immediate family members, and others who have access to the Company's material nonpublic information.

#### III. DEFINITIONS/EXPLANATIONS

##### 1. Who is an "Insider"

Any person who possesses material nonpublic information regarding the Company is an insider for so long as the information is not publicly known. Insiders include officers and directors, and shareholders of more than 10% of the Company, as well as employees who routinely have access to material information that is not publicly available. It also applies to their immediate family members. The term "immediate family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and shall include adoptive relationships. Outsiders may also be a "temporary insider" who has access to any nonpublic information of the Company. Temporary insiders include, among others, the Company's attorneys, accountants, consultants, bankers and the employees of their organizations.

All insiders are expected to read, understand, and comply fully with all the terms of section III of this document related to insiders.



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##### 2. Who is a "Reporting Insider"?

Section 16 of the 1934 Act requires directors, officers and 10% or greater shareholders to file reports which disclose the insider's beneficial ownership of, and transaction in, the Company's equity securities.

Reporting insiders are required to read, understand, and comply fully with all the term of section IV of this document related to insiders and the terms of Section V related to reporting insiders.

##### 3. What is "Material Nonpublic Information"?

Material nonpublic information is information that has not yet been generally made available to the public, and there is a substantial likelihood that a reasonable investor would consider it important to make a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Examples of material information include (but are not limited to) financial results, financial forecasts, proposed major mergers or acquisitions, major litigation, sale of major assets, major personnel changes, and important business developments.

#### IV. POLICIES AND PROCEDURES

The policies and procedures set forth herein present only a general framework for insider trading. The insider has the ultimate responsibility to comply with insider trading laws. Therefore, the insider should view this policy and procedures as the minimum criteria for compliance with insider trading laws.

##### 1. Maintaining Confidentiality

Nonpublic information relating to the Company is the property of the Company and unauthorized disclosure is prohibited. The insider should maintain the confidentiality of all material nonpublic information that they may possess until after the information has been disclosed to the public.

Material nonpublic information should only be disclosed to others on a need-to-know basis. It may be assumed that the Company's legal counsel, auditors, printers and other advisers will not disclose the nonpublic information to third parties or trade on inside information given to them in confidence.

All insiders should take appropriate precautions to restrict access to and secure material, non-public information by, among other things:

- Ø restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- Ø promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- Ø disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate;
- Ø restricting access to areas likely to contain confidential documents or material, non-public information;
- Ø avoid the discussion of confidential matters in places where the discussion may be overheard, such as elevators, restaurants, airplanes, buses or taxis.

The above examples are not extensive. An insider who has any doubt whether they possess material nonpublic information regarding the Company should consult the Company's Chief Financial Officer, who has been designated as the Company's Compliance Officer.

## **2. No Trading on Insider Information**

Insiders are prohibited from purchasing or selling the Company's securities while in possession of material nonpublic information concerning the Company until the close of trading on the second trading date following the date of public disclosure of the material nonpublic information regarding the Company. In addition, the anti-fraud provisions of the federal securities laws prohibit fraudulent, manipulative, or deceptive trading practices. Persons who violate these prohibitions are subject to potential civil or criminal penalties.

## **3. Regular and Special Blackout Periods**

The Company imposes four regular quarterly trading blackout periods for insiders. The regular blackout period begins three weeks prior to the date that the Company's quarterly earnings are scheduled to be released and ends two trading days after earnings are released to the public. During the trading blackout periods, all the insiders must refrain from trading in the Company's securities.

For example, if a scheduled quarterly earnings release date is Thursday, May 15th, a Regular blackout period will commence on Thursday, April 24th and is anticipated to end on Tuesday, May 17th.

If an insider receives material information regarding the quarterly financial results prior to the regular blackout period, that insider should not engage in other transactions in the Company's securities until such information has been disclosed to the public.

In addition to the four regular quarterly trading blackout periods, the Company has the right to impose any special blackout periods when the Company is engaged in a material, nonpublic development. All those affected should not buy or sell Company securities during the special trading blackout periods, and should not disclose to others that the Company has suspended trading for certain individuals. The exercise of options to purchase and hold securities of the Company is not subject to the trading blackout periods outlined above, but the shares so acquired may not be traded during the blackout periods.

## **4. No Tipping or Speculating**

Insiders may be liable for communicating or tipping material nonpublic information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of the Company.

The insider should not give trading advice of any kind about the Company to anyone on the basis of material nonpublic information.

The insider should not respond to market rumors or otherwise make any public statement regarding the Company or its prospects. This includes responding to or commenting on internet-based bulletin boards or chat rooms. If any employee of the Company becomes aware of any rumors or false statements of the Company, he or she should report them to the Chief Financial Officer.

In addition, the insider should ordinarily not directly or indirectly participate in transactions involving trading activities which by their aggressive or speculative nature may give rise to an appearance of impropriety. This includes all dealing inputs and calls, all short sales and all buying or selling on the market with the intention of quickly reselling or buying securities.

## **V. SPECIFIC POLICIES FOR REPORTING INSIDERS.**

### **1. Insider Reporting Obligation**

Section 16(a) of the Exchange Act imposes reporting requirements on executive officers, directors, and shareholders of 10% or more of the Company's outstanding stock. The SEC has promulgated three forms for reports by insiders: Form 3 is used for the initial ownership report of an insider; Form 4 is the form on which insiders report transactions in their company's stock; and Form 5 is used for annually reporting transactions exempt from current reporting on Form 4.

While under SEC rules, the preparation and filing of Section 16(a) reports is the responsibility of the insider and not the Company. However, because of complexities of the compliance of Section 16(a) filing requirement and to facilitate the compliance with the rules of the SEC, the Company will assist reporting insiders in preparing and filing the required reports.

- Form 3 Insiders are required to file an initial statement of their beneficial ownership of the Company's stock on Form 3 within ten days after becoming insiders. All officers and directors must file a Form 3 regardless of whether they hold any of the Company's stock. For purposes of Section 16, the term "officer" includes the president, any vice president in charge of principal business operations, the principal financial officer, the principal accounting officer or controller, and any other officer who performs a policy-making function.
- Form 4. If there is any change in insider beneficial ownership of the Company's stock, such as purchases, sales, option grants and exercises, an insider is required to file a Form 4 with the SEC reporting the change. In virtually all cases, the Form 4 must be filed no later than the second business day after the day on which the change occurred (i.e., the trade or grant date).
- Form 5. A Form 5 must be filed within 45 days after the end of the Company's fiscal year to report exempt transactions not already reported on a Form 4. The Form 5 must also report failures to file previously due reports. However, an insider who has reported all required holdings and transactions during the year on Forms 3 or 4, and who had no transactions requiring deferred reporting, is not required to file a Form 5 as long as such insider submits a written representation to the Company stating that no Form 5 was required.

An insider should report the change in ownership or any transactions in the Company's stock to the Corporate Secretary no later than the execution date of the transaction. The exact date, prices, amounts, and other relevant information should be provided. Upon receipt of the details of the transaction, the Corporate Secretary will prepare the report for the insider, and fax or email the report to the insider for signature. Once the signature is provided, the Corporate Secretary will file the report with the SEC promptly. A copy of the report as filed with the SEC will be forwarded to the insider following the filing. The Corporate Secretary must also maintain records of all insider filings, including originally signed copies of each form and proof of the filing date of the forms.

Insiders have the legal obligation to ensure that their filings are made timely and correctly. The Company can only facilitate the compliance to the extent that the insider provides the Company with the information required by this policy. The Company does not assure any legal responsibility in this regard.

The consequences of delinquent filings are significant. It may result in the following:

- Ø Required disclosure by the SEC in the proxy statement and Form 10-K;
- Ø Potential SEC enforcement action against the insider, such as a cease and desist order to injunction against further wrongdoing; and
- Ø For egregious or repeated violations, possible criminal penalties that could result in SEC fines of up to \$5,000 per day for each filing violation, or possibly imprisonment.

### **2. Prohibition against Short-Wing Trading**

Officers, directors and 10% shareholders must also comply with the reporting obligation and limitation on short-swing transactions set forth in Section 16(b) of the Exchange Act. The practical effect of these provisions is that officers, directors and 10% shareholders who purchase and sell the Company's securities within any six-month period must disgorge all profits to the Company. Any excess of the sale price over the purchase price is considered to be "profit," and is recoverable by the Company. This liability can exist regardless of the order of the transactions, and it does not depend on whether the insiders are trading on nonpublic information. The liability may exist under Section 16(b) even though an insider's overall trading in the stock resulted in a loss.

The Company's policy is that no insider may engage in a transaction that gives rise to liability to disgorge profits under Section 16(b). If an insider engages in such a transaction, the insider must promptly report to the Corporate Secretary the nature of the transaction and pay the Company the profits for which the insider is liable under Section 16(b) of the Exchange Act.

### **3. Form 144 Reports**

Rule 144 of the SEC imposes volume limitations on the sales of securities by insiders. The amount of securities sold for the account of an affiliate, together with all sales of securities for the affiliate's account over the preceding three months, cannot exceed the greater of the following:

- Ø 1% of the shares outstanding as shown by, generally, the most recent 10-K or 10-Q report of the Company filed with the SEC.

- Ø Average weekly reported volume of trading in the Company's securities on the NASDAQ during the four calendar weeks preceding the filing of notice of sale on Form 144, or if no such notice is required, the date of receipt of the order to execute the transaction by the broker or the date of execution of the transaction directly with a market maker.



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The Company's policy is that insiders should adhere to Rule 144. If there is any violation, the insider should promptly notify the Corporate Secretary.

The reporting insiders are required to file Form 144 before making an open market sale of the Company's stock. Form 144 notifies the SEC of their intent to sell the Company's securities. This form is generally prepared and filed by the broker and is in addition to the Section 16 reports filed on behalf of the insider by the Corporate Secretary's Office.

#### **4. 10b5-1 Plans**

Trading by employees can proceed under approved arrangements established under Rule 10b5-1. Rule 10b5-1 permits officers and directors of public companies to adopt predetermined plans for selling specified amounts of stock. The plans may be entered into only when the director or officer is not in possession of material, nonpublic information and may be used to gradually diversify investment portfolios over a period of time.

The Company accepts Rule 10b5-1 trading plans under certain circumstances. Any insider desiring to enter into such a plan should contact the Corporate Secretary, and the plan must be approved by the Chief Executive Officer.

#### **VI. RESPONSIBILITY**

The Company expects strict compliance with this Policy by all persons to whom it applies. Failure to observe this Policy may result in serious legal difficulties for the person involved as well as for the Company. Failure to follow the letter and spirit of this Policy will be considered a matter of extreme seriousness, may be the basis for termination of employment, and may expose the violator to serious civil and criminal penalties. A violation of this prohibition may also violate the Company's Code of Ethics.

If you have any inquiries about this policy, please direct your questions as to any of the matters discussed in this Policy to the Corporate Secretary. The Company reserves the right to update or amend this Policy at any time.

## List of Principal Subsidiaries and Variable Interest Entity of the Company as of December 31, 2023

| Name of Entity                                                                                                        | Jurisdiction of Incorporation/Organization |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| FT Commercial Management Co., Ltd.                                                                                    | PRC                                        |
| Future Fintech (Hong Kong) Limited                                                                                    | Hong Kong                                  |
| Fuce Future Supply Chain (Xi'an) Co., Ltd.                                                                            | PRC                                        |
| DigiPay Fintech Ltd.                                                                                                  | British Virgin Island                      |
| QR (HK) Limited                                                                                                       | Hong Kong                                  |
| DCON DigiPay Limited                                                                                                  | Japan                                      |
| GlobalKey Shared Mall Limited                                                                                         | Cayman Island                              |
| Cloud Chain Network And Technology (Tianjin) Co., Limited                                                             | PRC                                        |
| Cloud Chain E-Commerce (Tianjin) Co. Ltd. *                                                                           | PRC                                        |
| Future Commercial Group Ltd.                                                                                          | PRC                                        |
| Tianjin Future Private Equity Fund Management Partnership (Ltd Partnership)                                           | PRC                                        |
| FTFT UK Limited                                                                                                       | UK                                         |
| Future Fintech Labs Inc.                                                                                              | USA                                        |
| Future Fintech Digital Capital Management, LLC                                                                        | USA                                        |
| Future Fintech Digital Number One GP, LLC                                                                             | USA                                        |
| FTFT SuperComputing Inc.                                                                                              | USA                                        |
| FTFT Digital Number One, Ltd.                                                                                         | Cayman                                     |
| Future Fintech Digital Number One US, LP                                                                              | USA                                        |
| Future Fintech Digital Number One Offshore, LLC                                                                       | Cayman                                     |
| FTFT Capital Investment LLC.                                                                                          | UAE                                        |
| Nice Talent Asset Management Limited                                                                                  | Hong Kong                                  |
| Fengtongxiang Supply Chain (Chengdu) Co., Ltd. (Future Supply Chain (Chengdu) Co., Ltd.)                              | PRC                                        |
| Future Big Data (Chengdu) Co., Ltd.                                                                                   | PRC                                        |
| Future Commercial Management Consulting (Hainan) Co., Ltd. (Future Private Equity Fund management (Hainan) Co., Ltd.) | PRC                                        |
| FTFT Paraguay S.A.                                                                                                    | Paraguay                                   |
| FTFT Finance UK Limited                                                                                               | UK                                         |
| Future Information Service (Shenzhen) Co., Ltd.                                                                       | PRC                                        |
| FTFT International Securities and Futures Limited                                                                     | Hong Kong                                  |

\* Variable Interest Entity

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-1 (File No. 333-218276), Forms S-3 (File Nos. 333-258094, 333-224686 and 333-206353) and Forms S-8 (File Nos. 333-257742, 333-249362, 333-228912, 333-216201, 333-206360 and 333-276142) of Future FinTech Group Inc. (the "Company") of our report dated April 19, 2023, relating to the Company's consolidated financial statements for the year ended December 31, 2022, which appears in this Annual Report on Form 10-K of the Company for the year ended December 31, 2023. We were dismissed as auditors on August 8, 2023 and, accordingly we have not performed any audit or review procedures with respect to any financial statements for the periods after the date of our dismissal.

Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern and an emphasis of matter regarding significant transactions with related parties.

/s/ Onestop Assurance PAC

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Onestop Assurance PAC

Singapore

April 16, 2024

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (File No. 333-218276), Forms S-3 (File Nos. 333-258094, 333-224686 and 333-206353) and Forms S-8 (File Nos. 333-257742, 333-249362, 333-228912, 333-216201, 333-206360 and 333-276142) of Future FinTech Group Inc. (the "Company") of our report dated April 16, 2024, relating to the Company's consolidated financial statements which appears in this Annual Report on Form 10-K of the Company for the year ended December 31, 2023.

/s/ Fortune CPA Inc.

Fortune CPA Inc.

April 16, 2024

## RULE 13a-14(a) CERTIFICATION FOR FORM 10-K (CEO) CERTIFICATION

I, Shanchun Huang, certify that:

1. I have reviewed this annual report on Form 10-K of Future FinTech Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 16, 2024

By: /s/ Shanchun Huang  
Shanchun Huang  
Chief Executive Officer

## RULE 13a-14(a) CERTIFICATION FOR FORM 10-K (CFO) CERTIFICATION

I, Ming Yi, certify that:

1. I have reviewed this annual report on Form 10-K of Future FinTech Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 16, 2024

By: /s/ Ming Yi  
Ming Yi  
Chief Financial Officer

SECTION 1350 CERTIFICATION (CEO) 1350

FUTURE FINTECH GROUP INC.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Future FinTech Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shanchun Huang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2024

/s/ Shanchun Huang

Shanchun Huang

Chief Executive Officer

SECTION 1350 CERTIFICATION (CFO) 1350

FUTURE FINTECH GROUP INC.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Future FinTech Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ming Yi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2024

/s/ Ming Yi

Ming Yi

Chief Financial Officer

**FUTURE FINTECH GROUP INC.  
CLAWBACK POLICY**

**1. Introduction**

Future Fintech Group Inc. (the “**Company**”), through the Company’s Board of Directors (the “**Board**”), believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy, which provides for the recoupment of certain compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”). The Company shall recover all erroneously awarded Incentive-Based Compensation that received by Covered Executives on or after the effective date of the Listing Standards which is October 2, 2023.

**2. Administration**

Except as specifically set forth herein, this Policy shall be administered by the Board or, if so designated by the Board, a committee thereof (the Board or such committee charged with administration of this Policy, the “**Administrator**”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In relevant part, it is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company’s securities are listed.

In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee or the Compensation Committee of the Board, as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

**3. Definitions**

As used in this Policy, the following definitions shall apply:

(a) “Accounting Restatement” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) “Administrator” has the meaning set forth in Section 1 above.

(c) “Applicable Period” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “date on which the Company is required to prepare an Accounting Restatement” is the earlier to occur of: (i) the date the Board concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

(d) “Covered Executives” means the Company’s current and former Covered Executives, as determined by the Administrator in accordance with the definition of Covered Executive set forth in Rule 10D-1 and the Listing Standards.

(e) “Erroneously Awarded Compensation” has the meaning set forth in Section 6 of this Policy.

(f) “Financial Reporting Measure” is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return (“**TSR**”); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization (“**EBITDA**”); funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company’s financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities Exchange Commission.

(g) “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is “received” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

**4. Covered Executives; Incentive-Based Compensation**

This Policy applies to Incentive-Based Compensation received by a Covered Executive (i) after beginning services as a Covered Executive; (ii) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation and (iii) while the Company had a listed class of securities on a national securities exchange.

## 5. Required Recoupment of Erroneously Awarded Incentive-Based Compensation in the Event of an Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement, the Company shall reasonably promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 6 of this Policy, during the Applicable Period.

## 6. Erroneously Awarded Incentive-Based Compensation: Amount Subject to Recovery

The amount of “**Erroneously Awarded Compensation**” subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts. Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

By way of example, with respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

For Incentive-Based Compensation based on stock price or TSR: (i) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Nasdaq Stock Market (“**Nasdaq**”).

## 7. Method of Recoupment

The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (i) seeking reimbursement of all or part of any cash or equity-based award; (ii) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid; (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements: (i) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; provided, however, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq; (ii) recovery would violate home country law of the issuer where that law was adopted prior to November 28, 2022; provided, however, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the issuer, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

## 8. No Indemnification of Covered Executives

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

## 9. Administrator Indemnification

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

## 10. Interpretation

The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. In relevant part, it is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

## 11. Effective Date

This Policy shall be effective as of the date approved by the Board (the “**Effective Date**”) and shall apply to Incentive Based Compensation that is approved, awarded or granted to Covered Executives.

## 12. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including any amendments to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

### **13. Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company.

Nothing in this Policy will limit in any respect (i) the Company's right to take or not to take any action with respect to any Covered Executive's or any other person's employment or (ii) the obligation of the Chief Executive Officer or the Chief Financial Officer to reimburse the Company in accordance with Section 304 of the Sarbanes-Oxley Act of 2002, as amended.

### **14. Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.