

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F**

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ 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

OR

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

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 001-36896

Mercurity Fintech Holding Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**1330 Avenue of Americas, Fl 33,
New York, 10019, United States**

(Address of principal executive offices)

**Shi Qiu
Chief Executive Officer
Mercurity Fintech Holding Inc.
1330 Avenue of Americas, Fl 33,
New York, 10019, United States
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, par value US\$0.004 per share	MFH	The Nasdaq Capital Market

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

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2023, the registrant had 60,819,897 ordinary shares outstanding, which was the only class of its registered securities outstanding as of that date.

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 X 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 X No ☐

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

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer X Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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. X

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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP X International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No X

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

Conventions Used in this Annual Report

In this annual report, unless otherwise indicated or the context otherwise requires, references to:

- "we," "us," "our" and the "Company" refer to Mercury Fintech Holding Inc. and its wholly owned subsidiaries, (i) Mercury Fintech Technology Holding Inc., (ii) Mercury Limited, (iii) Ucon Capital (HK) Limited, (iv) Beijing Lianji Future Technology Co., Ltd. and (v) Chance Securities, Inc.
- "ADR" refers to American depositary receipt, which was cancelled on February 28, 2023 upon termination of the ADR facility;
- "ADS" refers to our American depositary shares, each of which represented 360 ordinary shares before the mandatory exchange of the ADS for ordinary shares and removal of the ADR facility, effective February 28, 2023;
- "Chance Securities" refers to Chance Securities Inc., a wholly-owned subsidiary of the Company;
- "China" or the "PRC" refers to the mainland of the People's Republic of China, excluding, for the purpose of this annual report only and references to the specific laws and regulations, Hong Kong, Macau and Taiwan;
- "MFH Cayman" refers to Mercury Fintech Holding Inc., the holding company of our group;
- "MFH Tech" refers to Mercury Fintech Technology Holding Inc., a wholly-owned subsidiary of the Company;
- "Ucon" refers to Ucon Capital (HK) Limited, a subsidiary of the Company;
- "NBpay" refers to NBpay Investment Limited, which has ceased to be our consolidated entity;
- "NBpay Fintech" refers to NBpay Fintech Pte Ltd., which has ceased to be our consolidated entity;
- "ordinary shares" refer to our ordinary shares, par value US\$0.004 per share;
- "Renminbi" or "RMB" refers to the legal currency of China; and
- "VIEs" refers to (i) Mercury (Beijing) Technology Co., Ltd. or Mercury Beijing, and (ii) Beijing Lianji Technology Co., Ltd., or Lianji, which, together with Mercury Beijing, were consolidated by us solely for accounting purposes as variable interest entities, and which have ceased to be our consolidated entities, following the termination of our VIE structure on January 15, 2022;
- "Our WFOE" or "Lianji Future" refers to Beijing Lianji Future Technology Co., Ltd., our subsidiary in China that is a wholly foreign-owned enterprise;
- "\$," "US\$," "dollar" or "U.S. dollar" refers to the legal currency of the United States.

Our reporting and functional currency is U.S. dollar. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. This annual report contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations of related assets and liabilities of Renminbi into U.S. dollars were made at the rate of RMB7.0999 to US\$1.00, the exchange rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System in effect as of December 29, 2023, and all translations of related profit or loss and cash flow of Renminbi into U.S. dollars were made at the rate of RMB7.0809 to US\$1.00, the exchange rate as set forth the annual average exchange rates for 2023 in the H.10 statistical release of the Board of Governors of the Federal Reserve System.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us and our industry. In some cases, these forward-looking statements can be identified by words or phrases such as "aim," "anticipate," "believe," "estimate," "expect," "going forward," "intend," "ought to," "plan," "project," "potential," "seek," "may," "might," "can," "could," "will," "would," "shall," "should," "is likely to" and the negative form of these words and other similar expressions. The forward-looking statements included in this annual report relate to, among others:

- our goals and strategies;
- our prospects, our business development, the growth of our operations, and our financial condition and results of operations;
- our plans to enhance customer experience, upgrade our blockchain technologies and expand our products and services;
- our expectations regarding demand for and market acceptance of our blockchain-based services;
- global competition in our industry; and
- fluctuations in general economic and business conditions.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations could later be found to be incorrect. Our actual results could be materially different from our expectations. You should thoroughly read this annual

report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This annual report contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. Our industry might not grow at the rate projected by market data, or at all. Failure of our industry to grow at the projected rate may have a material adverse effect on our business and the market price of our shares. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results could differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated statements of operations data for the year ended December 31, 2021, 2022 and 2023, and selected consolidated balance sheet data as of December 31, 2022 and 2023, have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this selected financial data section together with our consolidated financial statements and the related notes and "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report.

Consolidated Statements of Operations

The following summary consolidated financial statements should be read in conjunction with our consolidated financial statements, the notes thereto and other information, included elsewhere in this report.

The following summary consolidated financial statements for the years ended 2023, 2022, and 2021 are derived from our audited consolidated financial statements included elsewhere in this report. Our consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following summary financial information in conjunction with the consolidated financial statements and related notes and the information under "ITEM 5. Operating and Financial Review and Prospects" included elsewhere in this report.

	For the year Ended December 31,		
	2023	2022	2021
		(as restated)	(as restated)
	(US\$, except share and share related data)		
Revenue	\$ 445,928	\$ 863,438	\$ 670,171
Business consultation services	160,000	80,000	—
Distributed storage and computing services	285,928	783,438	664,307
Technical services	—	—	5,864
Cost of Revenue	\$ (1,424,312)	\$ (1,380,600)	\$ (702,679)
Business consultation services	(138,092)	(19,000)	—
Distributed storage and computing services	(1,286,220)	(1,361,600)	(702,679)
Gross profit	\$ (978,384)	\$ (517,162)	\$ (32,508)
Sales and marketing	(449,900)	(35,000)	—
General and administrative	(2,515,291)	(2,156,063)	(10,351,357)
Provision for doubtful accounts	—	(3,138)	(1,750,909)
(Loss)/income on disposal of intangible assets	—	(29,968)	121,020
Impairment loss of property and equipment	(307,733)	—	—
Impairment loss of intangible assets	(4,248,085)	(3,144,053)	(1,292,568)
Impairment loss of goodwill	—	—	—
Operating loss from continuing operations	\$ (8,499,393)	\$ (5,885,384)	\$ (13,306,322)
Interest (expenses)/income, net	(196,055)	5,118	1,083
Financing costs	(450,000)	—	—
Other (expenses)/income, net	2,379	1,248	(143)
Loss on market price of short-term investment	(226,210)	—	—
Loss from selling short-term investments	(78,693)	—	—
Loss from disposal of subsidiaries	—	(4,664)	—
Loss before provision for income taxes	\$ (9,447,972)	\$ (5,883,682)	\$ (13,305,382)
Income tax benefits	90,776	248,711	—
Loss from continuing operations	\$ (9,357,196)	\$ (5,634,971)	\$ (13,305,382)
Loss from discontinued operations	—	—	(8,360,322)
Net loss	\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)
Net loss attributable to holders of ordinary shares of Mercurity Fintech Holding Inc.	\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)

Continuing operations	(9,357,196)	(5,634,971)	(13,305,382)
Discontinued operations	—	—	(8,360,322)
Weighted average shares used in calculating basic net loss per ordinary share	45,841,825	14,435,674	9,720,934
Weighted average shares used in calculating diluted net loss per ordinary share	45,841,825	14,435,674	9,720,934
Net Loss per ordinary share			
Basic	(0.20)	(0.39)	(2.23)
Diluted	(0.20)	(0.39)	(2.23)
Net Loss per ordinary share from continuing operation			
Basic	(0.20)	(0.39)	(1.37)
Diluted	(0.20)	(0.39)	(1.37)
Net Loss per ordinary share from discontinued operation			
Basic	—	—	(0.86)
Diluted	—	—	(0.86)

Note:

(i) Due to the adverse regulatory measures taken by the PRC government in 2021 on digital currency production and transaction, the Company's Board of Directors decided on December 10, 2021 to divest the PRC companies of the related business controlled through VIE agreements and the divestiture was completed on January 15, 2022. The financial information related to the two divested VIEs have been reclassified in the accompanying audited consolidated financial statements as discontinued operations for the year ended December 31, 2021.

(ii) On December 29, 2022, the Company's Board of Directors approved the proposal on the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share, which has been effective on February 28, 2023.

As SAB 4C, changes to a stock dividend, stock split or reverse split in the capital structure must be given retroactive effect in the balance sheet. An appropriately cross-referenced note should disclose the retroactive treatment, explain the change made and state the date the change became effective. We have revised the number of ordinary shares amounts in the revised consolidated statements for the year ended December 31, 2022 and 2021, to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

Consolidated Balance Sheet Data

The following table presents our key financial data extracted from the consolidated balance sheet as of December 31, 2023 and 2022.

	December 31, 2023	December 31, 2022
	US\$	US\$
Cash and cash equivalents	16,117,949	7,446,664
Security deposit	33,700	33,909
Short-term investments	2,319,247	—
Interest receivable	12,594	—
Prepaid expenses and other current assets, net	5,212,285	10,925
Amounts due from related parties	—	25,000
Total current assets	\$ 23,695,775	\$ 7,516,498
Operating right-of-use assets, net	556,104	873,878
Property and equipment, net	4,758,279	5,961,173
Intangible assets, net	705,309	4,233,228
Security deposit	57,300	57,300
Prepayments for long-term asset	120,000	—
Long term equity investments	160,000	—
Deferred tax assets	342,369	251,005
Total non-current assets	\$ 6,699,361	\$ 11,376,584
TOTAL ASSETS	\$ 30,395,136	\$ 18,893,082
Convertible Note	9,000,000	
Interest payable	423,131	
Accrued expenses and other current liabilities	1,588,562	236,490
Amounts due to related parties	916,219	923,596
Operating lease liabilities	352,178	269,675
Total current liabilities	\$ 12,280,090	\$ 1,429,761
Operating lease liabilities	282,279	634,457
Total non-current liabilities	\$ 282,279	\$ 634,457
TOTAL LIABILITIES	\$ 12,562,369	\$ 2,064,218
Ordinary shares	243,298	140,716
Additional paid-in capital	693,093,915	682,848,997
Accumulated deficit	(676,677,485)	(667,320,289)
Accumulated other comprehensive (loss)/income	1,173,039	1,159,440
Total shareholders' equity	\$ 17,832,767	\$ 16,828,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 30,395,136	\$ 18,893,082

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Risks Relating to Our Business and Industry

- We have a limited operating history in the evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We currently have a limited customer base for our Business consultation services. If we were to lose any of our customers, or if the volume of business with such customers were to decrease, or if we are unable to offer services that attract new customers from existing customers, our business, financial condition and results of operations may be materially and adversely affected.
- Certain crypto assets and cryptocurrencies have been identified as a "security" in certain jurisdictions, and we may be subject to regulatory scrutiny, inquiries, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition.
- As we acquire, dispose of or restructure our businesses, product lines, and technologies, we may encounter unforeseen costs and difficulties that could adversely affect our financial performance.
- We may be unable to competitively engage in further distributed storage and computing services, Business consultation services, financial advisory services and securities brokerage services activities, if we cannot attract or retain employees and/or consultants who have expertise in these fields.
- Any harm to our Mercurity brand or reputation may materially and adversely affect our business and results of operations.
- We have a history of operating losses, and we may report additional operating losses in the future.
- If we are unable to conduct adequate and cost-effective marketing activities, our results of operations and financial condition may be materially and adversely affected.
- If our senior management is unable to work together effectively or efficiently or if we lose their services, our business may be severely disrupted.
- We have limited insurance coverage and could incur losses resulting from liability claims or business interruptions.
- We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that may increase both our operating costs and the risk of non-compliance.
- We have failed to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our shares may be adversely impacted.
- The enactment of legislation imposing moratoriums on issuing permits for certain cryptocurrency mining operations that use carbon-based power sources and similar laws could adversely impact our business, operating results and financial condition.

- Blockchain mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact.
- Environmental concerns associated with cryptocurrencies mining could have adverse impacts on our business, financial condition, and results of operations.
- We are subject to an extensive, highly evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results, and financial condition.
- Our operating results may fluctuate and continue to fluctuate, including due to the highly volatile nature of crypto.
- Fluctuations in Filecoin value might impact our operating results and add to our regulatory compliance obligations under applicable law and regulation, including the Investment Company Act of 1940.
- Our revenue is partially dependent on the prices of crypto assets. If such price or volume declines, our business, operating results and financial condition would be adversely affected.
- The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected.
- Any failure to safeguard and manage our crypto assets could adversely impact our business, operating results and financial condition.
- The theft, loss or destruction of private keys required to access any crypto assets held in custody for our own account may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any crypto assets, it could cause regulatory scrutiny, reputational harm and other losses.
- Any gaps in our risk management processes and policies in respect of crypto asset could adversely impact our business, operating results and financial condition.
- Crypto assets deposited with third party custodians are subject to risks attendant with such custody arrangements. If such custodians were to become insolvent, or suffer from hacking or cybersecurity or other technical failures, or if our assets were to be misused or lost, we may lose ownership or control of our crypto assets, and we may not be able to recover our losses through legal or other channels.
- The assertion of jurisdiction by U.S. and foreign regulators and other government entities over crypto assets and crypto asset markets could adversely impact our business, operating results and financial condition.
- If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Risks Relating to Doing Business in the PRC

- We conduct a portion of our business operations in China and are subject to the attendant risks of operating in China, including regulatory risks resulting from political and regulatory changes which may be swift and unexpected.
- You may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in Hong Kong against us or our management based on Hong Kong laws.
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in the PRC against us or our management based on foreign laws.

- We may rely on dividends and other distributions on equity paid by our PRC and Hong Kong subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC and Hong Kong subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.
- Regulation and censorship of information disseminated over the internet in the PRC could adversely affect our business in China, and we may be liable for any such information displayed on, retrieved from or linked to our website.
- A failure by our shareholders or beneficial owners who are PRC citizens or residents in the PRC to comply with certain PRC foreign exchange regulations could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities or subject us to liability under PRC laws, which could adversely affect our business and financial condition.
- A failure to comply with PRC regulations regarding the registration of shares and share options held by our employees who are PRC citizens could subject such employees or us to fines and legal or administrative sanctions.
- It may be difficult for overseas regulators to conduct investigations or collect evidence within PRC.
- It may be difficult for overseas shareholders and/or regulators to conduct investigations or collect evidence within Hong Kong.

Risks Relating to Our Ordinary Shares

- The trading price of our shares could be volatile, which would result in substantial losses to investors.
- Substantial future sales of our shares in the public market, or the perception that these sales could occur, could cause our share price to decline.
- If we fail to maintain the Nasdaq minimum market value of publicly held shares, minimum bid requirements or minimum stockholder equity standard, our shares could be delisted.
- We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.
- As a foreign private issuer, we are permitted to, and we plan to, rely on exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer's directors consist of independent directors. This might afford less protection to holders of our shares.
- Anti-takeover provisions in our charter documents could discourage a third-party from acquiring us, which could limit our shareholders' opportunities to sell their shares at a premium.
- We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under U.S. law, you could have less protection of your shareholder rights than you would under U.S. law.
- You will have limited ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, because we are incorporated in the Cayman Islands, because we conduct parts of our operations in the PRC and Hong Kong and because some of our directors and officers reside outside the United States.
- Compliance with rules and requirements applicable to public companies could cause us to incur increased costs, which could negatively affect our results of operations.

Risks Relating to Our Business and Industry

We have a limited operating history in the evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We disposed of our business of providing integrated B2B services to food service suppliers and customers in July 2019. We started to provide blockchain technical services in May 2019. Due to the extremely adverse regulatory measures taken by the Chinese government in 2021 in the field of digital currency production and transaction, we disposed of the Chinese companies of the blockchain technical services business controlled through VIE agreements in January 2022. We commenced cryptocurrency mining operations in 2021 and expanded this line of business in the U.S. in December 2022. We commenced business consultation services in August 2022.

The limited history of our current operations may make it difficult for you to evaluate our business, financial performance and prospects, and our historical growth rate might not be indicative of our future performance. We cannot assure you that our current business will grow as rapidly as we expect or achieve the critical mass needed for long-term success. Given the limited history of our business model and the rapid developments in the related industry, it may be difficult to predict if our expected business growth can be achieved in the future, and that the market might evolve in ways that are difficult to anticipate. You should consider our prospects considering risks and uncertainties that companies in a rapidly evolving market might encounter. These risks and difficulties include, but are not limited to:

- a new and relatively unproven business model;
- our ability to anticipate and adapt to a fast developing market and industry;
- market acceptance of our products and services;
- high expenditures associated with our technology upgrading, brand promotion and marketing activities;

- our ability to attract customers and business partners to generate sufficient cash flows;
- Complexities in managing rapid expansion of personnel and operations; and
- our ability to compete in the fast-changing marketplace.

We cannot be certain that our business strategy will be successful or that we will successfully address these risks. Failure to address any of the risks described above could have an adverse effect on our business, financial condition and results of operations.

We currently have a limited customer base for our business consultation services. If we were to lose any of our customers, or if the volume of business with such customers were to decrease, or if we are unable to offer services that attract new customers from existing customers, our business, financial condition and results of operations may be materially and adversely affected.

In July 2022, we added consultation services to our business, providing business consultation services to global corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and digital payment business and have been expanding our business into the online and traditional brokerage services, such as building up client base and acquiring the necessary licenses. However, due to resource restraints, we have ceased our development plans in digital payment business, including digital payment services and solution consulting, and applications for the required money transmit licenses since March 2024.

As of December 31, 2023, we only have two customers of our business consultation services, one based in China and the other based in the U.S. Due to our very limited customer base, any of the following events may cause a material decline in our revenue and have a material adverse effect on our results of operations:

- reductions, delays or cessation of purchases from the existing customers;

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- loss of any of our existing customers and our inability to find new customers that can generate the same volume of business; and
- Any of the existing customer's failure to make timely payment for our services; and
- We are unable to offer services that attract new customers from existing customers.

We cannot assure you that our relationships with these customers will continue to develop or that these customers will continue to generate material revenue for us in the future, or we will acquire more new customers. We need to invest significant resources in selling and marketing efforts. We take targeted business development approaches to reach out to our potential customers and provide them with our company profile through various means, such as emails and social network media. We also attend offline marketing activities to promote our presence and brand recognition in the blockchain and digital asset industry. To continue to reach potential customers and grow our current business, we must identify and devote more of our marketing expenditures to new and evolving marketing channels, which may include mobile and virtual channels. The opportunities in and sophistication of newer marketing channels generally are relatively undeveloped and unproven, making it difficult to assess returns on investment associated with such channels, and there can be no assurance that we will be able to continue to appropriately manage and fine-tune our marketing efforts in response to these and other trends in the industry. Any failure to do so could have a material adverse effect on our business, reputation, results of operations and financial condition.

Certain crypto assets and cryptocurrencies have been identified as a "security" in certain jurisdictions, and we may be subject to regulatory scrutiny, inquiries, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition.

Cryptocurrency mining operations constitute a portion of our business and regulatory developments in the characterization of such crypto assets will have an impact on our business, financial condition and results of operations. The SEC and its staff have taken the position that certain crypto assets fall within the definition of a "security" under the U.S. federal securities laws.

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Several other foreign jurisdictions have taken a broad-based approach to classifying crypto assets as "securities," while other foreign jurisdictions, such as Switzerland, Malta and Singapore, have adopted a narrower approach. As a result, certain crypto assets may be deemed to be a "security" under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations or directives that affect the characterization of crypto assets as "securities."

The classification of a crypto asset as a security under applicable law has wide-ranging implications for businesses engaged in operations relating to crypto assets. For example, a crypto asset that is a security in the United States may generally only be offered or sold in the United States pursuant to a registration statement filed with the SEC or in an offering that qualifies for an exemption from registration. Persons that effect transactions in crypto assets that are securities in the United States may be subject to registration with the SEC as a "broker" or "dealer." Platforms that bring together purchasers and sellers to trade crypto assets that are securities in the United States are generally subject to registration as national securities exchanges, or must qualify for an exemption, such as by being operated by a registered broker-dealer as an automated trading system ("ATS") in compliance with rules for ATSS. Persons facilitating clearing and settlement of securities may be subject to registration with the SEC as a clearing agency. Foreign jurisdictions may have similar licensing, registration and qualification requirements.

Further, if Bitcoin, Ethereum, stablecoins or any other crypto asset is deemed to be a security under any U.S. federal, state or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such crypto asset. For instance, all transactions in such crypto asset would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks on which such crypto assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the crypto asset. Also, it may make it difficult for such crypto asset to be traded, cleared and custodied as compared to other crypto assets that are not considered to be securities. As such, our holdings of cryptocurrencies from our mining operations, as well as our storage and trading of such cryptocurrencies on third party service provider platforms, may be adversely affected by any fall in value of cryptocurrencies and any increased restrictions on their trading and liquidity. Whether our activities require registration or the crypto assets we hold would be considered securities is a risk-based assessment, and not a legal standard binding on a regulatory body or court, and does not preclude legal or regulatory action. We may decide in the future to mine or transact in other types of cryptocurrencies, which may constitute securities under U.S. law, although we have not presently determined definitively the type of cryptocurrencies we may mine or transact in in the future. We will consult with our legal advisers and abide by all SEC guidance and court rulings in this regard and monitor our activities in securities transactions, but we currently do not have plans to mine any type of cryptocurrency that constitute "securities" under U.S. law. Nevertheless, any breach of applicable US law will have a material adverse effect on our business operations, financial performance and the value of our shares.

As we acquire, dispose of or restructure our businesses, product lines, and technologies, we may encounter unforeseen costs and difficulties that could impair our financial performance.

We actively explore acquisition prospects that would complement our existing services, augment our market coverage and distribution ability, or enhance our capabilities. As a result, we may seek to acquire certain companies, products, or technologies, or we may reduce or dispose of certain product lines or technologies that no longer fit our business strategies. For regulatory or other reasons, we may not be successful in our attempts to acquire or dispose of businesses, products, or technologies, resulting in significant financial costs, reduced or lost opportunities, and diversion of management's attention. Managing an acquired business, disposing of product technologies, or reducing personnel entails numerous operational and financial risks, including, among other things:

- difficulties in assimilating acquired operations and new personnel or separating existing business or product groups;
- diversion of management's attention away from other business concerns;
- amortization of acquired intangible assets;
- adverse customer reaction to our decision to cease support for a product; and
- potential loss of key employees or customers of acquired or disposed operations.

There can be no assurance that we will be able to achieve and manage successfully any such integration of potential acquisitions, disposition of product lines or technologies, or reduction in personnel or that our management, personnel, or systems will be adequate to support continued operations. Any such inability or inadequacies could have a material adverse effect on our business, operating results, or financial condition.

We may be unable to competitively engage in further distributed storage and computing services, business consultation services, financial advisory services and securities brokerage services activities, if we cannot attract or retain employees and/or consultants who have expertise in these fields.

If we cannot attract or retain skilled employees and/or consultants in the distributed storage and computing services, business consultation services, financial advisory services and securities brokerage services activities, our business may suffer. Because our above businesses require expertise, our business may be materially and adversely affected if our current employees and consultants who have expertise in the business leave or if we cannot continue to attract employees and consultants with expertise in the field of distributed storage and computing services, Business consultation services, financial advisory services and securities brokerage services.

Any harm to our Mercury brand or reputation may materially and adversely affect our business and results of operations.

We believe that the recognition and reputation of our Mercury brand is critical to our business and competitiveness in the related industry. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand. These factors include our ability to:

- enhance the quality of our Business consultation services, financial advisory services and securities brokerage services for our customers;
- maintain or improve customers' satisfaction with our services;
- increase brand awareness through marketing and brand promotion activities; and
- preserve our reputation and goodwill in the event of any negative publicity on our service quality, data privacy, price, or other issues affecting us.

A public perception that we do not provide reliable services, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers retain our current customers. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our website, products and services, it may be difficult to maintain and grow our customer base, and our business and growth prospects may be materially and adversely affected.

We have a history of operating losses, and we may report additional operating losses in the future.

Since October 2021, cryptocurrency mining has become one of our major businesses, and we have recorded historical losses and negative cash flow from our operations of cryptocurrency mining business when the value of cryptocurrency we mine does not exceed our associated costs. Further, as part of our strategic growth plans, we have made capital investments in expanding and vertically integrating our mining operations, including the expansion of our mining machines and increased our employee base. However, future market prices of the cryptocurrency are difficult to predict, and we cannot guarantee that our future mining revenue will exceed our associated costs.

If we are unable to conduct adequate and cost-effective marketing activities, our results of operations and financial condition may be materially and adversely affected.

We have a limited operating history of our current business and may need to make significant investments in sales and marketing to promote our brand recognition. Our brand promotion and marketing activities may not be well received by customers and may not result in the levels of sales that we anticipate. The marketing of blockchain-based solutions services to customers is evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches cost-effectively could reduce our market share, cause our Revenue to decline and negatively impact our profitability.

If our senior management is unable to work together effectively or efficiently or if we lose their services, our business may be severely disrupted.

Our success heavily depends upon the continued services of our management.

In early May 2022, the Company restructured its executive team after the absence and later resignation of Wei Zhu, the Company's former co-chief executive officer and acting chief financial officer and the Company's board of directors had a significant change in 2022. Currently, we rely on the expertise and experience of Mr. Shi Qiu, our chief executive officer, Ms. Qian Sun, our chief operating officer, and Mr. Yukuan Zhang, our chief financial officer, and our other executive team. If our senior management cannot work together effectively or efficiently, our business may be severely disrupted. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, internal expertise and key professionals and staff members.

We have limited insurance coverage and could incur losses resulting from liability claims or business interruptions.

We currently do not have any product liability insurance or business interruption insurance. As we continue to expand our business, we could be increasingly exposed to various liability claims related to our products and services. Any liability claims, business disruption, or natural disaster could result in substantial costs and the diversion of

resources, which would have an adverse effect on our business and results of operations.

We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that may increase both our operating costs and the risk of non-compliance.

We are subject to rules and regulations by various governing bodies, including, among others, the U.S. Securities and Exchange Commission (the "SEC"), which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and the various regulatory authorities in the PRC, Hong Kong and the Cayman Islands, and subject to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

We have failed to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our shares may be adversely impacted.

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring most public companies to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, when a company meets the SEC's criteria, an independent registered public accounting firm must report on the effectiveness of the company's internal control over financial reporting.

Our management has concluded that our internal control over financial reporting as of December 31, 2023 was not effective. This could result in a loss of investor confidence in the reliability of our financial conditions which in turn could negatively impact the trading price of our shares and result in lawsuits being filed against us by our shareholders or otherwise harm our reputation. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs and use significant management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

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The enactment of legislation imposing moratoriums on issuing permits for certain cryptocurrency mining operations that use carbon-based power sources and similar laws could adversely impact our business, operating results and financial condition.

In the 2021-2022 Legislative Session, the New York State Senate introduced Bill S6486D, which establishes a two-year moratorium on cryptocurrency mining operations that use proof-of-work authentication methods to validate blockchain transactions. Such restrictions and moratoriums will materially limit the scope of our business operations if we choose to carry out cryptocurrency mining operations in such jurisdictions where they are prohibited. Our cryptocurrency mining facilities are located in New Jersey, and at present we remain unaffected by the potential passage of Bill S6486D. Nonetheless, if a law similar to Bill S6486D were passed and comes into effect in New Jersey or other jurisdictions in which we may carry out cryptocurrency mining operations in the future, this might force us to relocate our cryptocurrency mining operations, which will incur time and resources, and may have other material effects on our business. The passage of any other crypto legislation or regulation which may be directly or indirectly related to our business model may also material effects on your business, financial condition and results of operations.

Blockchain mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact.

Blockchain mining activities are inherently energy-intensive and electricity costs account for a significant portion of the overall mining costs. The availability and cost of electricity will restrict the geographic locations of mining activities. Any shortage of electricity supply or increase in electricity cost in a jurisdiction may negatively impact the viability and the expected economic return for blockchain mining activities in that jurisdiction, which may in turn negatively impact our business, financial condition and results of operations.

In addition, the significant consumption of electricity may have a negative environmental impact, including contribution to climate change, which may give rise to public opinion against allowing the use of electricity for blockchain mining activities or government measures restricting or prohibiting the use of electricity for such mining activities, and may also invite adverse media coverage or public opinion against our brand. Regulators may also impose regulatory restrictions on blockchain mining activities. Any such development in the jurisdictions where we carry out our cryptocurrency mining could have a material and adverse effect on our business, financial condition and results of operations.

Environmental concerns associated with cryptocurrencies mining could have adverse impacts on our business, financial condition, and results of operations.

Engaging in cryptocurrency mining may result in certain environmental harms and transition risks related to climate change that may affect our business, financial condition and results of operations, as mining operations consume a substantial amount of power, which may contribute to increased carbon emissions. Moreover, recent policy and regulatory changes relating to limiting carbon emissions could impose additional operational and compliance burdens on our cryptocurrency mining operations, such as more stringent reporting requirements or higher compliance fees. Such regulations may lead to increased credit risks, which may lead financiers and lender to be less willing to enter into business relationships with us, as well as increased litigation risks related to climate change in the jurisdictions in which we carry out mining operations. Further, some businesses as well as some investors may have ceased accepting cryptocurrencies for certain types of purchases, and stopped investing in businesses involved in cryptocurrencies businesses due to environmental concerns associated with cryptocurrencies mining. Such developments could have a material and adverse effect on our business, financial condition and results of operations.

We are subject to an extensive, highly evolving and uncertain regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results and financial condition.

Our business is subject to extensive laws, rules, regulations, policies, orders, determinations, directives, treaties and legal and regulatory interpretations and guidance in the markets in which we operate, including those governing financial services and banking, securities, broker-dealers, crypto asset exchange and transfer, cross-border and domestic money and crypto asset transmission, privacy, data governance, data protection, cybersecurity, fraud detection, payment services (including payment processing and settlement services), anti-money laundering and counter-terrorist financing. Many of these legal and regulatory regimes were adopted prior to the advent of the internet, mobile technologies, crypto assets and related technologies. As a result, some applicable laws and regulations do not contemplate or address unique issues associated with the cryptoeconomy, are subject to significant uncertainty, and vary widely across U.S. federal, state and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules and regulations thereunder, evolve frequently and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity and evolving nature of our business and the significant uncertainty surrounding the regulation of the cryptoeconomy requires us to exercise our judgment as to whether certain laws, rules and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules and regulations, we could be subject to significant fines, revocation of licenses, limitations on our products and services, reputational harm and other regulatory consequences, each of which may be significant and could adversely affect our business, operating results and financial condition.

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Our operating results may fluctuate and continue to fluctuate, including due to the highly volatile nature of crypto.

Our business operations include cryptocurrency mining and the provision of consultation services, and thus our operating results are dependent on crypto assets and the broader cryptoeconomy. Due to the highly volatile nature of the cryptoeconomy and the prices of crypto assets, which have experienced and continue to experience significant volatility, our operating results have, and may continue to, fluctuate significantly in accordance with market sentiments and movements in the broader cryptoeconomy. Our operating results will continue to fluctuate significantly as a result of a variety of factors, many of which are unpredictable and in certain instances are outside of our control, including:

- changes in the legislative or regulatory environment, or actions by U.S. or foreign governments or regulators, including fines, orders or consent decrees;
- investments we make in the development of products and services as well as technology offered to our developers, international expansion and sales and marketing;
- our ability to establish and maintain partnerships, collaborations, joint ventures or strategic alliances with third parties;
- market conditions of, and overall sentiment towards, the cryptoeconomy, including the trading prices of cryptocurrencies;
- macroeconomic conditions, including interest rates and inflation;
- adverse legal proceedings or regulatory enforcement actions, judgments, settlements or other legal proceeding and enforcement-related costs;
- the development and introduction of existing and new products and services by us or our competitors;
- our ability to control costs, including our operating expenses incurred to grow and expand our operations and to remain competitive;
- system failure, outages or interruptions, including with respect to third-party crypto networks;
- our lack of control over decentralized or third-party blockchains and networks that may experience downtime, cyber-attacks, critical failures, errors, bugs, corrupted files, data losses or other similar software failures, outages, breaches and losses; and
- breaches of security or privacy.

As a result of these factors, it is difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term.

Fluctuations in Filecoin value might impact our operating results and add to our regulatory compliance obligations under applicable law and regulation, including the Investment Company Act of 1940.

Our strategic initiative to achieve an effective storage capacity of 64PiB for Filecoin's mining business by the end of June 2024, and utilize the remaining available storage capacity of the Web3 decentralized storage infrastructure to expand our Filecoin mining business, or engage in other cryptocurrency mining businesses, or provide cloud storage services to other distributed application product operators, could expose us to financial risks, particularly due to the volatile nature of Filecoin's value. Although currently the market value of the Filecoins held by us constitutes a minor fraction of our total assets, its influence on our revenue is considerably more pronounced. This disparity means that our operational results are susceptible to swings in Filecoin's market value. If the value of Filecoin was to escalate significantly (e.g., \$50 per Filecoin), the proportionate value of our holdings could become a dominant aspect of our asset base. This appreciation might inadvertently categorize us as an investment company under the Investment Company Act of 1940, introducing additional regulatory and compliance implications, which could disrupt our business model and impact our fiscal health. See also "*Risk Factors—If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.*"

Our revenue forecasts are inherently speculative, which are predicated on Filecoin's price projections and our operational performance. Given the historical volatility associated with digital currencies, there is uncertainty surrounding these estimates. Factors beyond our control, including market trends, investor attitudes, regulatory developments and alterations in the Filecoin network, affect Filecoin's valuation, potentially leading to revenue and financial results that diverge substantially from our projections. Should the Filecoin price fail to meet our estimates, our revenues might outperform or fall below our expectations.

We are aware of the varying perceptions of risk tied to our Filecoin ventures among potential investors. Despite our risk management strategies (e.g., diversifying income streams, refining our mining processes, etc.), there is no certainty that these measures will fully mitigate the intrinsic volatility of the Filecoin market.

Our revenue is partially dependent on the prices of crypto assets. If such price or volume declines, our business, operating results and financial condition would be adversely affected.

We generate a portion of our total revenue from our cryptocurrency mining operations. Declines in the price of crypto assets may result in lower total revenue to us, cause us to recognize losses and affect the price of our shares.

The price of crypto assets and associated demand for buying, selling and trading crypto assets have historically been subject to significant volatility. For instance, in 2017, the value of certain crypto assets, including Bitcoin, experienced steep increases in value, and our customer base expanded worldwide. The increases in value of certain crypto assets, including Bitcoin, from 2016 to 2017, and then again in 2021, were followed by a steep decline in 2018 and again in 2022, which has adversely affected our net revenue and operating results. If the value of crypto assets and transaction volume do not recover or further decline, our ability to generate revenue may suffer and customer demand for our products and services may decline, which could adversely affect our business, operating results and financial condition. The price and trading volume of any crypto asset is subject to significant uncertainty and volatility, depending on a number of factors, including:

- market conditions of, and overall sentiment towards, crypto assets and the cryptoeconomy, including, but not limited to, as a result of actions taken by or developments of other companies in the cryptoeconomy;
- changes in liquidity, market-making volume and trading activities;
- trading activities on other crypto platforms worldwide, many of which may be unregulated, and may include manipulative activities;
- investment and trading activities of highly active consumer and institutional users, speculators, miners and investors;
- the speed and rate at which crypto is able to gain adoption as a medium of exchange, utility, store of value, consumptive asset, security instrument or other financial

assets worldwide, if at all;

- decreased user and investor confidence in crypto assets and crypto platforms;
- negative publicity and events relating to the cryptoeconomy;
- unpredictable social media coverage or "trending" of, or other rumors and market speculation regarding crypto assets;
- the ability for crypto assets to meet user and investor demands;

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- the functionality and utility of crypto assets and their associated ecosystems and networks, including crypto assets designed for use in various applications;
- consumer preferences and perceived value of crypto assets and crypto asset markets;
- increased competition from other payment services or other crypto assets that exhibit better speed, security, scalability or other characteristics;
- regulatory or legislative changes and updates affecting the cryptoeconomy;
- the characterization of crypto assets under the laws of various jurisdictions around the world;
- the adoption of unfavorable taxation policies on crypto asset investments by governmental entities;
- legal and regulatory changes affecting the operations of miners and validators of blockchain networks, including limitations and prohibitions on mining activities, or new legislative or regulatory requirements as a result of growing environmental concerns around the use of energy in bitcoin and other proof-of-work mining activities;
- ongoing technological viability and security of crypto assets and their associated smart contracts, applications and networks, including vulnerabilities against hacks and scalability;
- monetary policies of governments, trade restrictions and fiat currency devaluations; and
- national and international economic and political conditions.

There is no assurance that any crypto asset in which we conduct mining or related operations will maintain its value or that there will be meaningful levels of trading activities and liquidity. In the event that the price of crypto assets decline, our business, operating results and financial condition, as well as our share price, would be adversely affected, and we may have to recognize losses or impairments in our investments or other crypto assets due to disruptions in the crypto asset markets.

The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results and financial condition could be adversely affected.

Crypto assets built on blockchain technology were only introduced in 2008 and remain in the early stages of development. In addition, different crypto assets are designed for different purposes. Bitcoin, for instance, was designed to serve as a peer-to-peer electronic cash system, while Ethereum was designed to be a smart contract and decentralized application platform. Many other crypto networks ranging from cloud computing to tokenized securities networks have only recently been established. The further growth and development of any crypto assets and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer and usage of crypto assets represent a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- many crypto networks have limited operating histories, have not been validated in production, and are still in the process of developing and making significant decisions that will affect the design, supply, issuance, functionality and governance of their respective crypto assets and underlying blockchain networks, any of which could adversely affect their respective crypto assets;
- many crypto networks are in the process of implementing software upgrades and other changes to their protocols, which could introduce bugs, security risks or adversely affect the respective crypto networks;
- several large networks, including Bitcoin and Ethereum, are developing new features to address fundamental speed, scalability and energy usage issues. If these issues are not successfully addressed, or are unable to receive widespread adoption, it could adversely affect the underlying crypto assets;

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- security issues, bugs and software errors have been identified with many crypto assets and their underlying blockchain networks, some of which have been exploited by malicious actors. There are also inherent security weaknesses in some crypto assets, such as when creators of certain crypto networks use procedures that could allow hackers to counterfeit tokens. Any weaknesses identified with a crypto asset could adversely affect its price, security, liquidity and adoption. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the compute or staking power on a crypto network, as has happened in the past, it may be able to manipulate transactions, which could cause financial losses to holders, damage the network's reputation and security, and adversely affect its value;
- the development of new technologies for mining, such as improved application-specific integrated circuits (commonly referred to as ASICs), or changes in industry patterns, such as the consolidation of mining power in a small number of large mining farms, could reduce the security of blockchain networks, lead to increased liquid supply of crypto assets and reduce a crypto's price and attractiveness;
- if rewards and transaction fees for miners or validators on any particular crypto network are not sufficiently high to attract and retain miners, a crypto network's security and speed may be adversely affected, increasing the likelihood of a malicious attack;
- many crypto assets have concentrated ownership or an "admin key," allowing a small group of holders to have significant unilateral control and influence over key decisions related to their crypto networks, such as governance decisions and protocol changes, as well as the market price of such crypto assets;
- the governance of many decentralized blockchain networks is by voluntary consensus and open competition, and many developers are not directly compensated for their contributions. As a result, there may be a lack of consensus or clarity on the governance of any particular crypto network, a lack of incentives for developers to maintain or develop the network and other unforeseen issues, any of which could result in unexpected or undesirable errors, bugs or changes, or stymie such

network's utility and ability to respond to challenges and grow; and

- many crypto networks are in the early stages of developing partnerships and collaborations, all of which may not succeed and adversely affect the usability and adoption of the respective crypto assets.

Various other technical issues have also been uncovered from time to time that resulted in disabled functionalities, exposure of certain users' personal information, theft of users' assets and other negative consequences, and which required resolution with the attention and efforts of their global miner, user and development communities. If any such risks or other risks materialize, and in particular if they are not resolved, the development and growth of crypto may be significantly affected and, as a result, our business, operating results, and financial condition could be adversely affected.

Any failure to safeguard and manage our crypto assets could adversely impact our business, operating results and financial condition.

We believe we have developed and maintained administrative, technical and physical safeguards and safeguard our crypto assets and which are designed to comply with applicable legal requirements and industry standards. However, it is nevertheless possible that hackers, employees or service providers acting contrary to our policies, or others could circumvent these safeguards to improperly access our systems or documents, or the systems or documents of our business partners, agents or service providers, and improperly access, obtain, misuse crypto assets and funds. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are also constantly changing and evolving and may be difficult to anticipate or detect for long periods of time. Any loss of cash or crypto assets could result in a substantial business disruption, adverse reputational impact, inability to compete with our competitors and regulatory investigations, inquiries or actions. Any security incident resulting in a compromise of crypto assets could result in substantial costs to us, expose us to regulatory enforcement actions, limit our ability to provide services, subject us to litigation, significant financial losses, damage our reputation and adversely affect our business, operating results, financial condition, and cash flows.

The theft, loss or destruction of private keys required to access any crypto assets held in custody for our own account may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any crypto assets, it could cause regulatory scrutiny, reputational harm and other losses.

Crypto assets are generally controllable only by the possessor of the unique private key relating to the digital wallet in which the crypto assets are held. While blockchain protocols typically require public addresses to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the crypto assets held in such a wallet. To the extent that any of the private keys relating to our wallets containing crypto assets is lost, destroyed, or otherwise compromised or unavailable, and no backup of the private key is accessible, we will be unable to access the crypto assets held in the related wallet. Further, we cannot provide assurance that our wallet will not be hacked or compromised. Crypto assets and blockchain technologies have been, and may in the future be, subject to security breaches, hacking or other malicious activities. Any loss of private keys relating to, or hack or other compromise of, digital wallets used to store our crypto assets could adversely affect our ability to access or sell crypto assets, and subject us to significant financial losses in addition to hurting our brand and reputation, result in significant losses and adversely impact our business.

Any gaps in our risk management processes and policies in respect of crypto asset could adversely impact our business, operating results, and financial condition.

In late February 2022, Wei Zhu, our former acting Chief Financial Officer, former Co-Chief Executive Officer, and a former member and Co-Chairperson of the Board, and Minghao Li, a former member of the Board, were suspected of certain criminal offenses unrelated to our Company's operations and were detained by the Economic Crime Investigation Detachment of Sheyang County Public Security Bureau, Yancheng City, Jiangsu Province, People's Republic of China. At the same time, Sheyang Public Security Bureau wrongly seized the digital assets hardware cold wallet belonging to the Company, along with the cryptocurrencies stored in the hardware cold wallet. Our Company has since undergone major management personnel changes. As of the date of this annual report, our board and management have taken steps to remedy the gaps in our risk management processes and policies in relation to our business model and any crypto assets that we hold. Nonetheless, if any future gaps in our risk management processes and policies were to arise, such deficiencies could adversely impact our business, operating results and financial condition. In turn, such deficiencies would require our Board and management to make appropriate changes to our risk management processes and policies.

Crypto assets deposited with third party custodians are subject to risks attendant with such custody arrangements. If such custodians were to become insolvent, or suffer from hacking or cybersecurity or other technical failures, or if our assets were to be misused or lost, we may lose ownership or control of our crypto assets, and we may not be able to recover our losses through legal or other channels.

We store a portion of our crypto assets with Coinbase, a third-party platform. Such custody arrangements increase ease of transaction and allow us to access the public markets and liquidate such assets at the prevailing prices more rapidly. However, this arrangement necessitates the relinquishment of control over our crypto assets. To access such assets, we rely on the technical platform provided by such third-party platforms and we are also subject to their terms of use.

Recent high profile criminal investigations and bankruptcy cases in the U.S., such as those involving FTX and Celsius, highlight the risks of holding crypto assets on third party platforms. In such cases, it is anticipated that account holders of such platforms will be unlikely to recover the crypto assets they deposited, and are likely to recover only a fraction of the monetary value of their deposited assets through the bankruptcy and legal framework, if at all. Even if such platform operators maintain insurance policies to compensate account holders for their losses, certain claims and payouts may be barred by the terms of the insurance policies, especially in the event of fraud, and any insurance policy payout may not make losses whole and could take substantial periods of time to materialize, if at all. In particular, the insurance maintained by Coinbase with which we store our cryptocurrency is shared among all of Coinbase's customers, is not specific to our Company and may not be available or sufficient to protect our Company from all possible losses or sources of losses. We may be forced to share such insurance proceeds with other clients or customers of Coinbase, which could reduce the amount of such proceeds that are available to us.

If the custodians we rely on to store our crypto assets were to become insolvent, or suffer from hacking or cybersecurity or other technical failures, or if our assets were to be misused by the platform operator or were to become lost, we may lose ownership or control of our crypto assets, and we may not be able to recover our losses through legal or other channels. Any such incidents would likely have a material and adverse effect on our business, operating results, financial condition, and the price of our shares.

The assertion of jurisdiction by U.S. and foreign regulators and other government entities over crypto assets and crypto asset markets could adversely impact our business, operating results and financial condition.

We operate our business in a number of jurisdictions, including the U.S. and China. In the case that U.S. and foreign regulators or other government entities assert jurisdiction over a business in the crypto asset markets, this could lead to conflicting laws or directives which, in turn, could impede our business operations. Moreover, such conflicting laws or directives will make it difficult to determine which laws, rules and regulations apply to our business. Additionally, U.S. and foreign regulators as well as other government entities may disagree with our determination as to which laws, rules and regulations apply to our business. This could lead to additional compliance cost burdens, as well as increasing our risks of running afoul of laws and regulations from certain jurisdictions in which we operate our business.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as

contemplated and could have a material adverse effect on our business.

We have not been and do not intend to become registered as an "investment company" under the Investment Company Act of 1940, or the 1940 Act. We intend to conduct our business so as not to become regulated as an investment company under the 1940 Act.

Generally, a company will be determined to be an "investment company" if, absent an exclusion or exemption, it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or owns or proposes to acquire investment securities having a value exceeding 40 percent of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We refer to this investment company definition test as the "40 percent test."

We do not hold ourselves out as being engaged primarily, or propose to engage primarily, in the business of investing, reinvesting or trading in securities and believe that we are not engaged primarily in the business of investing, reinvesting or trading in securities.

To ensure that we are not obligated to register as an investment company, we must not exceed the thresholds provided by the 40 percent test. For purposes of the 40 percent test, the term "investment securities" includes all securities but does not include U.S. government securities or securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. Therefore, the assets that we and our subsidiaries hold and acquire are limited by the provisions of the 1940 Act and the rules and regulations promulgated thereunder.

Most crypto assets are regarded as "securities" under U.S. law, and hence, if our holding of cryptocurrencies exceed 40 percent of the value of our total assets, we may become regarded as an "investment company" under the 1940 Act. We intend to monitor our holdings of crypto assets and other securities to ensure that we do not become regarded as an "investment company." If our holding of cryptocurrencies were to exceed such threshold, we will be required to comply with the provisions of the 1940 Act, which will result in additional compliance costs and regulatory burdens and may materially and adversely affect our business, financial conditions and results.

A portion of our business is conducted in the mining, holding and trading of cryptocurrencies. Such holdings may increase in the future. We may also decide in the future to mine or transact in other types of cryptocurrencies, which may constitute securities under U.S. law, although we have not presently determined definitively the type of cryptocurrencies we may mine or transact in in the future. We will consult with our legal advisers and abide by all SEC guidance and court rulings in this regard and monitor our activities in securities transactions, but we currently do not have plans to mine any type of cryptocurrency that constitute "securities" under U.S. law. We have been carrying out the Filecoin mining business since December 2022. As of the date of this annual report, our two nodes on the Filecoin blockchain have exceeded storage capacity of 64PiB.

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We intend to monitor our status in relation to the 40 percent test by implementing procedures to review, on a semi-annual basis, specifically on June 30 and December 31, the composition of our assets to ensure that our holdings of Filecoin and other investment securities, if any, do not breach the thresholds specified by the 1940 Act. While we believe that we currently conduct our business in a manner that does not result in classification as an investment company, there is no assurance that we will be able to maintain that status. There is a possibility that changes in the value of our Filecoin holdings or in our business model could potentially cause us to exceed the 40% threshold. In the event that we exceed the 40% threshold, the potential consequences of falling within this classification and not being registered as a 1940 Act company are as follows: (i) restrictions on business operations; (ii) potential lawsuits involving voidable contracts entered into by an unregistered investment company; (iii) SEC enforcement, including penalties, injunctions or other sanctions, and additional regulatory and compliance costs; and (iv) management restrictions and additional reporting obligations.

Risks Relating to Doing Business in the PRC

We conduct a portion of our business operations in China and are subject to the attendant risks of operating in China, including regulatory risks resulting from political and regulatory changes which may be swift and unexpected.

MFH Cayman is not a Chinese operating company but a Cayman Islands holding company with a portion of our operations conducted by our subsidiaries based in China. Prior to 2022, the majority of our operations were based in mainland China. During 2022, we divested our software development business in mainland China, established a new management team, and relocated our headquarters to the United States with the newly established Hong Kong office as the operational hub for our business in the Asia Pacific region. As a result of the recent operational reorganization, the majority of our operations are currently based in the U.S. while part of our technical and back-office team in mainland China.

Investors in our securities are purchasing equity interest in MFH Cayman, a holding company incorporated in the Cayman Islands with business operations in China and the U.S. and therefore, investors may never hold equity interests in any of our Chinese operating entities. This operating structure may involve unique risks to investors. There are significant legal and operational risks associated with being based in or having a portion of business operations in China. Any of such risks and uncertainties could result in material changes in our operations and/or the value of our ordinary shares or could significantly limit or completely hinder our ability to offer or continue to offer ordinary shares and/or other securities to investors and cause the value of such securities to significantly decline or be worthless. The PRC government has significant authority to exert influence on the ability of a company with operations in China to conduct business. The PRC government has initiated a series of regulatory actions and has made a number of public statements on the regulation of business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement and data privacy protection. As of the date of this annual report, as advised by our PRC legal adviser, we do not believe that we are subject to: (i) the cybersecurity review with the Cyberspace Administration of China, or CAC, as our products and services are not offered to individual users but to our institutional customers, we do not possess a large amount of personal information in our business operations, and our business does not involve the collection of data that affects or may affect national security, implicates cybersecurity, or involves any type of restricted industry; or (ii) merger control review by China's anti-monopoly enforcement agency due to the fact that we do not engage in monopolistic behaviors that are subject to these statements or regulatory actions. However, since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, and, if any, the potential impact such modified or new laws and regulations will have on our daily business operation, ability to accept foreign investments and listing of our securities on a U.S. or other foreign exchange. In addition, changes in the legal, political and economic policies of the Chinese government, the relations between China and the United States, or Chinese or U.S. regulations may materially and adversely affect our business, financial condition and results of operations. Any such changes could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors, and could cause the value of our securities to significantly decline or become worthless. The PRC government has significant oversight and discretion over the conduct of our business and may intervene with or influence our operations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition and results of operations. Furthermore, the PRC government has recently indicated an intent to exert more oversight and control over overseas securities offerings and other capital markets activities and foreign investment in China-based companies like us. Any such action, once taken by the PRC government, could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless.

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You may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in Hong Kong against us or our management based on Hong Kong laws.

We currently have one subsidiary in Hong Kong, being Ucon Capital (HK) Limited, and one of our directors, Hui Cheng, is ordinarily resident in Hong Kong. You may incur additional costs and procedural obstacles in effecting service of legal process, enforcing foreign judgments or bringing actions in Hong Kong against us or our management, as judgments entered in the U.S. can be enforced in Hong Kong only at common law. If you want to enforce a judgment of the U.S. in Hong Kong, it must be a final judgment conclusive upon the merits of the claim, for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a "competent" court as determined by the private international law rules applied by the Hong Kong courts.

Furthermore, foreign judgments of the U.S. courts will not be directly enforced in Hong Kong as there are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the U.S. However, the common law permits an action to be brought upon a foreign judgment. That is to say, a foreign judgment itself may form the basis of a cause of action since the judgment may be regarded as creating a debt between the parties to it. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is for a liquidated amount in civil matter and not in respect of taxes, fines, penalties or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a "competent" court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud and contrary to public policy. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor. As a result, subject to the conditions with regard to enforcement of judgments of United States courts being met, including but not limited to the above, a foreign judgment of United States of civil liabilities predicated solely upon the federal securities laws of the United States or the securities laws of any State or territory within the U.S. could be enforceable in Hong Kong.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

We have one subsidiary in the PRC, being Lianji Future Technology Limited, and many of our managements and directors are PRC nationals. In particular, three of our directors and officers, Qian Sun, Yukuan Zhang and Cong Huang are ordinarily resident in Mainland China, one of our directors, Hui Cheng, is ordinarily resident in Hong Kong, and the remaining three of our directors, Shi Qiu, Alan Curtis and Daniel Kelly Kennedy, are ordinarily resident in the United States. As a result, it may be difficult for you to effect service of process upon us or our management named herein inside mainland China. It may also be difficult for you to enforce in U.S. courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors as only a portion of them, Shi Qiu, Alan Curtis and Daniel Kelly Kennedy, currently resides in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

As advised by our PRC legal adviser, the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws, regulations and interpretations based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States. Furthermore, class action lawsuits, which are available in the United States for investors to seek remedies, are generally uncommon in China.

We may rely on dividends and other distributions on equity paid by our PRC and Hong Kong subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC and Hong Kong subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and we may in the future rely on dividends and other distributions on equity from our PRC and Hong Kong subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services of any debt we may incur. If our PRC and Hong Kong subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries which are foreign-owned enterprises may pay dividends only out of its respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a foreign-owned enterprise, according to the PRC companies law, is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends.

Our PRC subsidiaries generate essentially all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiary to use their Renminbi revenues to pay dividends to us.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiary to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Regulation and censorship of information disseminated over the internet in the PRC could adversely affect our business in China, and we could be liable for information displayed on, retrieved from or linked to our website.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information and other content through the internet. In the past, the PRC government has prohibited the distribution of information through the internet that it deems to violate PRC laws and regulations. If any of our internet content was deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could adversely affect the business, financial condition and results of operations of our China subsidiaries. We could also be subject to potential liability for any unlawful actions of users of our website or for the content we distribute that is deemed inappropriate. It could be difficult to determine the type of content that could result in liability to us, and if we are found to be liable, we could be prevented from operating our website in China.

A failure by our shareholders or beneficial owners who are PRC citizens or residents in the PRC to comply with certain PRC foreign exchange regulations could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities or subject us to liability under PRC laws, which could adversely affect our business and financial condition.

The State Administration of Foreign Exchange, or SAFE, issued the Circular Relating to Foreign Exchange Administration of Offshore Investment, Financing and Return Investment by Domestic Residents Utilizing Special Purpose Vehicles, or SAFE Circular 37, that was promulgated and become effective on July 14, 2014. It requires a PRC natural person or a PRC company, or a PRC Resident, to file a "Registration Form of Overseas Investments Contributed by PRC Resident" and register with the local SAFE branch before it contributes assets or equity interests in an overseas special purpose vehicle, or SPV, that is directly established and controlled by PRC Resident to conduct investment or

financing. Following the initial registration, the PRC resident is also required to register with the local SAFE branch timely for any major change in respect of SPV, including, among other things, any major change of SPV's PRC Resident shareholder, name of the SPV, term of operation or any increase or reduction of the SPV's registered capital, share transfer or swap, and merger or division. Failure to comply with the registration procedures of Circular 37 could result in the penalties including the imposition of restrictions on the ability of SPV's PRC subsidiaries to dividends to its overseas parent company.

It remains unclear how this regulation and any future related legislation will be interpreted, amended and implemented by the relevant PRC government authorities. As of December 31, 2023, to the best of our knowledge, most of our PRC Resident shareholders with offshore investments had not registered their offshore investments with SAFE according to the predecessor regulation of Circular 37, namely 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, which was replaced by the SAFE Circular 37 but still effective when the relevant PRC shareholders made their investments. If the PRC government determined that our PRC Resident shareholders are required to make the registration regarding their offshore investment under Circular 37, both they and us may be subject to fines by the PRC government.

We are committed to complying, and to ensuring that our shareholders and beneficial owners who are PRC citizens or residents comply with SAFE Circular 37 requirements. The rest of our PRC citizen or resident beneficial owners are also applying for registrations under SAFE Circular 37 with the relevant local counterpart of SAFE. However, we might not be fully informed of the identities of all our beneficial owners who are PRC citizens or residents, and we cannot compel our beneficial owners to comply with SAFE Circular 37 requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC citizens or residents have complied with, or will in the future make or obtain the necessary any applicable registrations or approvals as required by, SAFE Circular 37 or other related regulations. Failure by such shareholders or beneficial owners to comply with SAFE Circular 37, or failure by us to amend the foreign exchange registrations of our PRC subsidiary, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects. Failure by us to amend the foreign exchange registrations in compliance with SAFE Circular 37 could subject us to fines or legal sanctions restrict our overseas or cross-border ownership structure, which could adversely affect our business and prospects.

A failure to comply with PRC regulations regarding the registration of shares and share options held by our employees who are PRC citizens could subject such employees or us to fines and legal or administrative sanctions.

Pursuant to the Implementation Rules of the Administrative Measures on Individual Foreign Exchange, or the Individual Foreign Exchange Rules, promulgated by SAFE on January 5, 2007 and amended on May 2016, a relevant guidance issued by SAFE in March 2007 and Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, or the Stock Option Rules, on February 15, 2012 that replaces the guidance issued in March 2007, PRC citizens who are granted shares or share options by an overseas-listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas-listed company or other qualified PRC agents selected by such PRC subsidiary, to register with SAFE and complete certain other procedures related to the share option or other share incentive plan. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. For participants who had already participated in an employee share option or share incentive plan before the date of the guidance, the guidance requires their PRC employers or PRC agents to complete the relevant formalities within three months of the date of the guidance. We and our PRC citizen employees who have been granted share options, or PRC option holders, are subject to these rules. If we or our PRC option holders fail to comply with these rules, we or our PRC option holders could be subject to fines and legal or administrative sanctions.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020 ("Article 177"), no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. In addition, entities or individuals are prohibited from providing documents and information in connection with any securities business activities to any organizations and/or persons abroad without the prior consent of the securities regulatory authority of the State Council and the competent departments of the State Council. Article 26 of the Trial Measures, or the Article 26, which was issued by the CSRC on February 17, 2023 and came into effect on March 31, 2023, sets out that where an overseas securities regulatory agency intends to conduct investigation and evidence collection regarding overseas offering and listing activities by a domestic company, and request assistance of the CSRC under relevant cross-border securities regulatory cooperation mechanisms, the CSRC may provide necessary assistance in accordance with law. Any domestic entity or individual providing documents and materials requested by an overseas securities regulatory agency out of investigative or evidence collection purposes shall not provide such information without prior approval from the CSRC and competent authorities under the State Council. In addition, Article 11 of the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises, or the Article 11, which was jointly issued by the CSRC, the Ministry of Finance, the State Secrecy Administration and the State Archives Bureau on February 24, 2023 and came into effect on March 31, 2023, specifies that, (a) where the overseas securities regulator and the relevant competent authorities request to conduct inspections or investigations to collect evidence from a domestic enterprise and the domestic securities firms and securities service agencies providing corresponding services regarding the overseas offering and listing activities of the domestic enterprise, the inspection or investigation shall be carried out under the cross-border regulatory cooperation mechanism, and the CSRC or the relevant authorities shall provide the requisite assistance pursuant to the bilateral and multilateral cooperation mechanism, and (b) relevant domestic companies, securities firms and securities service agencies shall obtain the consent of the CSRC or the relevant administrative authorities prior to cooperating in the inspection or investigation carried out by the overseas securities regulator or relevant administrative authorities or providing documents and materials for cooperating in the inspection or investigation. While detailed interpretation of or implementation rules under Article 177, the Article 26 and the Article 11 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.

It may be difficult for overseas shareholders and/or regulators to conduct investigations or collect evidence within Hong Kong.

The Securities and Futures Commission of Hong Kong ("SFC") is a signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding ("MMOU"), which provides for mutual investigatory and other assistance and exchange of information between securities regulators around the world, including the SEC. This is also reflected in section 186 of the Securities and Futures Ordinance ("SFO") which empowers the SFC to exercise its investigatory powers to obtain information and documents requested by non-Hong Kong regulators, and section 378 of the SFO which allows the SFC to share confidential information and documents in its possession with such regulators. However, there is no assurance that such cooperation will materialize, or if it does, whether it will adequately address any efforts to investigate or collect evidence to the extent that may be sought by the U.S. regulators.

Risks Relating to Our Ordinary Shares

The trading price of our shares could be volatile, which would result in substantial losses to investors.

The trading price of our ordinary shares could be volatile and could fluctuate widely in response to factors relating to our business as well as external factors beyond our control. Factors such as variations in our financial results, announcements of new business initiatives by us or by our competitors, recruitment or departure of key personnel,

changes in the estimates of our financial results or changes in the recommendations of any securities analysts electing to follow our securities or the securities of our competitors could cause the market price for our shares to change substantially. At the same time, securities markets could from time-to-time experience significant price and volume fluctuations that are not related to the operating performance of particular companies.

The performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in the United States could affect the volatility in the price of and trading volumes for our shares. In recent years, several PRC companies have listed their securities, or are in the process of preparing for listing their securities, on U.S. stock markets. Some of these companies have experienced significant volatility, including significant price declines in connection with their initial public offerings. The trading performances of these PRC companies' securities at the time of or after their offerings could affect the overall investor sentiment towards PRC companies listed in the United States and consequently could affect the trading performance of our shares. These broad market and industry factors could significantly affect the market price and volatility of our shares, regardless of our actual operating performance. Any of these factors could result in large and sudden changes in the trading volume and price for our shares.

Substantial future sales of our shares in the public market, or the perception that these sales could occur, could cause our ordinary share price to decline.

Additional sales of our ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our shares to decline. As of February 28, 2023, we completed the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share, suspended our ADRs program and commenced trading our ordinary shares. As of April 12, 2024, we had 60,819,897 ordinary shares issued and outstanding. If part or all of these shares are sold in the public market or if any other existing shareholders sell a substantial amount of their shares, the prevailing market price for our shares could be adversely affected. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

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If we fail to maintain the Nasdaq minimum market value of publicly held shares, minimum bid requirements or minimum stockholder equity standard, our shares could face the risk of being delisted.

On May 13, 2022, we received a deficiency notice from Nasdaq that stated the Company did not comply with Nasdaq's Listing Rule 5250(c)(1) due to its failure to file its annual report on Form 20-F for the period ended December 31, 2021 (the "Filing"). Nasdaq informed the Company that it had a period of 14 days until May 27, 2022 to submit a plan (the "Plan") to Nasdaq detailing how the Company planned to regain compliance with Nasdaq's continued listing requirements. On June 22, 2022, we received a determination letter from Nasdaq that we had regained compliance under Listing Rule 5250(c)(1) based on the filing of our annual report on Form 20-F on June 15, 2022 for the period ended December 31, 2021.

If we fail to maintain compliance with Nasdaq's listing rules, we could be subject to suspension and delisting proceedings. If the Company's shares lose their listing status on The Nasdaq Capital Market, they would likely trade in the over-the-counter market, and selling such securities could be more difficult because smaller quantities of securities would likely be bought and sold, transactions could be delayed, and security analysts' coverage may be reduced. In addition, in the event our securities are delisted, broker-dealers have certain regulatory burdens imposed upon them, which may discourage broker-dealers from effecting transactions in our securities, further limiting the liquidity of such securities. A determination that our shares are "penny stocks" will require brokers trading in our shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock. These factors could result in lower prices and larger spreads in the bid and ask prices for our securities. Any delisting from The Nasdaq Capital Market and continued or further declines in our share price could also greatly impair our ability to raise additional necessary capital through equity or debt financing, and could significantly increase the ownership dilution to stockholders caused by our issuing equity in financing or other transactions.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

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We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a foreign private issuer, we are permitted to, and we plan to, rely on exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer's directors consist of independent directors. This might afford less protection to holders of our ordinary shares.

Section 5605(b)(1) of the Nasdaq Listing Rules requires listed companies to have, among other things, a majority of its board members to be independent, and Section 5605(d) and 5605(e) require listed companies to have independent director oversight of executive compensation and nomination of directors. As a foreign private issuer, however, we are permitted to, and we plan to follow the home country practice in lieu of the above requirements. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors or the implementation of a nominating and corporate governance committee. We have informed Nasdaq that we will follow home country practice in place of all of the requirements of Rule 5600 other than those rules which we are required to follow pursuant to the provisions of Rule 5615(a)(3).

- Rule 5605(b), pursuant to which (i) a majority of the board of directors must be comprised of Independent Directors, and (ii) the Independent Directors must have regularly scheduled meetings at which only Independent Directors are present.
- Rule 5605(c) (other than those parts as to which the home country exemption is not applicable), pursuant to which each company must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom must meet criteria set forth in Rule 5605(c)(2)(A).
- Rule 5605(d), pursuant to which each company must (i) certify that it has adopted a formal written compensation committee charter and that the compensation committee

will review and reassess the adequacy of the formal written charter on an annual basis, and (ii) have a compensation committee of at least two members, each of whom must be an Independent Director.

- Rule 5605(e), pursuant to which director nominees must be selected, or recommended for the Board's selection, either by Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate, or a nominations committee comprised solely of Independent Directors.
- Rule 5610, pursuant to which each company shall adopt a code of conduct applicable to all directors, officers and employees.
- Rule 5620(a), pursuant to which each company listing common stock or voting preferred stock, or their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end.
- Rule 5620(b), pursuant to which each company shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of such proxy solicitation to Nasdaq.
- Rule 5620(c), pursuant to which each company that is not a limited partnership shall provide for a quorum as specified in its by-laws for any meeting of the holders of common stock; provided, however, that in no case shall such quorum be less than 33% (1/3) of the outstanding shares of the company's common voting stock.
- Rule 5630, pursuant to which each company that is not a limited partnership shall conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the company's audit committee or another independent body of the board of directors.
- Rule 5635(a), pursuant to which shareholder approval is required in certain circumstances prior to an issuance of securities in connection with the acquisition of the stock or assets of another company.
- Rule 5635(b), pursuant to which shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the company.

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- Rule 5635(c), pursuant to which shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, subject to certain exceptions.
- Rule 5635(d), pursuant to which shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving:
 - the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or Substantial Shareholders of the company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or
 - the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

Anti-takeover provisions in our charter documents could discourage a third-party from acquiring us, which could limit our shareholders' opportunities to sell their shares at a premium.

Our fifth amended and restated memorandum and articles of association include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change-of-control transactions. For example, our board of directors will have the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, any or all of which could be greater than the rights associated with our ordinary shares. Preferred shares could thus be issued quickly with terms calculated to delay or prevent a change in control or make removal of management more difficult. In addition, if our board of directors issues preferred shares, the market price of our ordinary shares could fall and the voting and other rights of the holders of our ordinary shares could be adversely affected. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of us in a tender offer or similar transaction.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under U.S. law, you could have less protection of your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our fifth amended and restated memorandum and articles of association, the Cayman Islands Companies Act (As Revised), as amended, and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by noncontrolling shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

There is uncertainty concerning Cayman Islands law related to whether a judgment obtained from the U.S. courts under civil liability provisions of U.S. securities laws will be determined by the courts of the Cayman Islands as penal or punitive. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company, such as our company. As the courts of the Cayman Islands have yet to rule on making such a determination on judgments obtained from U.S. courts under civil liability provisions of U.S. securities laws, it is uncertain whether such judgments would be enforceable in the Cayman Islands. Our Cayman Islands counsel has advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States, a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment:

- is given by a foreign court of competent jurisdiction;

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- imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;

- is final and conclusive;
- is not in respect of taxes, a fine or a penalty;
- is not inconsistent with a Cayman Islands judgment in respect of the same matter; and
- is not impeachable on the grounds of fraud and was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands

You should also read "Item 10. Additional Information—B. Memorandum and Articles of Association—Differences in Corporate Law" for some of the differences between the corporate and securities laws in the Cayman Islands and the United States.

You will have limited ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, because we are incorporated in the Cayman Islands, because we conduct parts of our operations in the PRC and Hong Kong and because some of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands and conduct our operations in the United States, the PRC and Hong Kong. A significant part of our assets are located outside the United States. Some of our officers and directors reside outside the United States and a substantial portion of the assets of those persons are located outside of the United States. As a result, it could be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in the PRC or in Hong Kong in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, of China and of Hong Kong could render you unable to enforce a judgment against our assets or the assets of our directors and officers. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state, and it is uncertain whether such Cayman Islands or PRC or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands or China or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state.

Shareholders of Cayman Islands exempted companies such as ourselves have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders of these companies (apart from our memorandum and articles of association, special resolutions of our shareholders and the register of mortgages and charges). Our directors have discretion under Cayman Islands law to determine whether or not, and under what conditions, our corporate records could be inspected by our shareholders, but are not obliged to make them available to our shareholders. This could make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, public shareholders might have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a U.S. company.

Compliance with rules and requirements applicable to public companies could cause us to incur increased costs, which could negatively affect our results of operations.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We ceased to be an "emerging growth company" on December 31, 2020, and are no longer eligible for reduced disclosure requirements and exemptions applicable to emerging growth companies. We expect that our loss of emerging growth company status will require additional attention from management and will result in increased costs to us, which could include higher legal fees, accounting fees and fees associated with investor relations activities, among others. We have also incurred and will continue to incur costs associated with corporate governance requirements, including requirements of the Sarbanes-Oxley Act, as well as rules implemented by the SEC and Nasdaq Capital Market, has requirements in corporate governance practices of public companies. We expect these rules and regulations to continue to increase our legal, accounting and financial compliance costs and to make certain corporate activities more time-consuming and costly. Complying with these rules and requirements could be especially difficult and costly for us because we might have difficulty locating sufficient personnel in China with experience and expertise relating to U.S. GAAP and U.S. public company reporting requirements, and such personnel could command higher salaries relative to what similarly experienced personnel would command in the United States. If we cannot employ sufficient personnel to ensure compliance with these rules and regulations, we might need to rely more on outside legal, accounting and financial experts, which could be very costly. In addition, we will incur additional costs associated with our public company reporting requirements. We are evaluating and monitoring developments to these rules, and we cannot predict or estimate the amount of additional costs we might incur or the timing of such costs.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were originally a group buying and B2C e-commerce platform in China under the name of "Beijing Wowo Tuan Information Technology Co., Ltd." To facilitate investment in our company, we incorporated Wowo Limited in Cayman Islands as a holding company in July 2011.

In April 2015, Wowo Limited completed the initial public offering and listed our ADSs on the Nasdaq Stock Market under the symbol "WOWO." We raised approximately \$37.3 million in net proceeds from our initial public offering after deducting underwriting commissions and the offering expenses payable by us.

In June 2015, we acquired Join Me Group (HK) Investment Company Limited to establish our food services industry B2B business. We issued 741,422,780 ordinary shares and paid \$30.0 million as consideration for the acquisition.

In September 2015, we divested our group buying and B2C e-commerce businesses to focus our efforts on our food services industry B2B business.

In September 2015, we raised \$15.0 million in a private placement transaction with Mr. Maodong Xu.

In June 2016, we changed the trading symbol for our ADSs listed on the Nasdaq Global Market to "JMU." In December 2016, we also changed our company name to JMU Limited.

In August 2016, TANSI Global Food Group Co., Ltd, which was formerly known as Xiao Nan Guo Restaurants Holdings Limited, a Hong Kong Stock Exchange listed company (Stock Code: 3666), through its wholly-owned subsidiary, acquired a 9.82% stake in our company via secondary transfers for a total consideration of HK\$368 million (approximately \$47.5 million).

In July 2018, we changed the ratio of our ADSs to ordinary shares from one ADS representing 18 ordinary shares to one ADS representing 180 ordinary shares.

In May 2019, we acquired Mercurity Limited (previously known as Unicorn Investment Limited) to establish our blockchain-based digital asset infrastructure solutions business. We issued 632,660,858 new ordinary shares as consideration for the acquisition.

In July 2019, we divested our B2B services to food-industry suppliers and customers by selling all the issued and outstanding shares of New Admiral Limited, or New Admiral, our former wholly-owned subsidiary, to Marvel Billion Development Limited, or Marvel Billion, in exchange for \$1.0 million in cash. In addition, the buyer and the divested entities

agreed to waive all the rights and claims with respect to the liabilities owed by us to the divested entities.

In January 2020, we transferred the listing of our ADSs from the Nasdaq Global Market to the Nasdaq Capital Market.

In February 2020, we changed the trading symbol for our ADSs listed on the Nasdaq Capital Market to "MFH."

In March 2020, we acquired the entire ownership of NBpay Investment Limited, or NBpay, to further strengthen our capabilities in the blockchain-enabled payment solutions. We issued 761,789,601 new ordinary shares to Mr. Kaiming Hu, our principal shareholder and the sole shareholder of Kuali Yitong, as consideration for the acquisition.

In April 2020, we changed our company name to "Mercurity Fintech Holding Inc." to align the company name with our new blockchain-based digital asset infrastructure solutions business.

In May 2020, we changed the ratio of our ADSs to ordinary shares from one ADS representing 180 ordinary shares to one ADS representing 360 ordinary shares.

In August 2021, we added cryptocurrency mining as one of our main businesses going forward. We had entered into cryptocurrency mining pools by executing a business contract with a collective mining service provider on October 22, 2021 to provide computing power to the mining pool and derived USD\$664,307 related revenue in 2021 and USD\$783,089 related revenue in the first half of 2022.

On January 15, 2022, we disposed both of the VIEs, both of which were under the control by Lianji Future, a wholly foreign owned subsidiary of the Company.

On February 16, 2022, the former acting Chief Financial Officer Wei Zhu, who was also the Company's former Co-Chief Executive Officer, and a former member and Co-Chairperson of the Board, was taken away from the Company's office in Shenzhen, China for personal reasons to cooperate with the investigation from Sheyang County Public Security Bureau, Yancheng City, Jiangsu Province, People's Republic of China. At the same time, Sheyang County Public Security Bureau forcibly removed the safe belonging to the Company that stored the digital asset hardware cold wallet, and forcibly destroyed the safe and seized the crypto asset hardware cold wallet and all crypto assets stored in it, and we verified that 95,23843 Bitcoins and 2005537.5 USD Coins stored in the out-of-control wallet had been transferred to another unknown wallet. PRC law firm Deheng Law Office ("Deheng") has been representing the Company in our efforts to recover the wrongfully seized cold wallet and cryptocurrencies from the Public Security Bureau.

Due to the dismantling of the VIEs and the cessation of all business related to the digital asset transaction platforms, the temporary difficulties caused by the impoundment of our cryptocurrencies and substantial changes of our original technical team in China in 2022, our blockchain technical services business did not generate any revenue in 2022.

In July 2022, we added consultation services to our business, providing business consultation services to international corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and digital payment business. However, due to resource restraints, we have ceased our development plans in digital payment business, including digital payment services and solution consulting, and applications for the required money transmit licenses since March 2024.

On July 15, 2022, we incorporated Mercurity Fintech Technology Holding Inc. ("MFH Tech") to develop distributed computing and storage services (including cryptocurrency mining and providing cloud storage services for distributed application product operators) and consultation services.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares. The investment was made with an aim to own mining machines capable of gathering, processing, and storing vast amounts of data, to advance the cryptocurrency mining business, and to further solidify us as a pioneer in the creation of the Web3 framework. On December 20, 2022, the assets began to be used for Filecoin ("FIL") mining operations and derived USD\$348 related revenue in 2022. In January 2023, we transferred all of the Web3 decentralized storage infrastructure to our US subsidiary MFH Tech, which serves as the operating entity for our business of Filecoin mining and cloud storage services for distributed application product operators.

On December 29, 2022, the Company's Board of Directors approved to proceed with: 1) the share consolidation and simultaneous change of the ADR ratio; 2) the transfer of the register of members of the Company; and 3) the termination of the deposit agreement. The Board approved the proposal on the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share. Further, as approved by the Board, the Company will effect a simultaneous change of the American Depositary Receipts ("ADRs") to ordinary share ratio from 1-to-360 to 1-to-1 (the "ADR Ratio Change"). The Board approved to terminate the Deposit Agreement, as amended (the "Deposit Agreement") effective on February 28, 2023, by and among the Company, Citibank, N.A., and the holders and beneficial owners of American Depositary Shares outstanding under the terms of the Deposit Agreement dated as of April 13, 2015 and as amended.

On January 10, 2023, we entered into an asset purchase agreement with Jinhe Capital Limited, providing for the purchase of 5,000 Antminer S19 PRO Bitcoin mining machines, for an aggregate consideration of USD\$9,000,000. On March 10, 2024, the Company and Jinhe entered into a Cancellation Agreement to cancel such purchase in its entirety. Going forward, we currently have no plans to resume Bitcoin mining business.

On January 28, 2023, we decided to write off NBpay Investment Limited and its subsidiaries, which had no meaningful assets or business nor employees.

On February 28, 2023, when the Share Consolidation was effective, the Company's outstanding ordinary shares changed from 18,614,900,104 shares with a par value of \$0.00001 per share to 46,538,116 shares with a par value of \$0.004 per share.

On April 12, 2023, we completed the incorporation of another U.S. subsidiary, Chalice Securities, which plans to develop financial advisory services, online and traditional brokerage services independently in the future. On May 3, 2023, Chalice Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer. The FINRA review process for such acquisition is currently ongoing.

From April to June 2023, our management reassessed the potential adverse effects of changes in the Company's business environment, and readjusted the Company's business structure and the future development plan. Considering the increasing difficulty of crypto mining and the general losses by top crypto mining enterprises, we have decided to reduce the scale of procurement of Bitcoin miners and reduce the Company's investment in the crypto mining field. As such, the Company and Jinhe Capital Limited entered into an amendment (the "Amendment") to the S19 Pro Purchase Agreement, pursuant to which the parties agreed to reduce the purchase order to no more than 2,000 Bitcoin miners for a total amount of no more than \$3.6 million.

Also considering the enormous uncertainty brought by the cryptocurrency market turmoil in the past two years to the blockchain industry, as well as the regulatory uncertainties, despite our ability to quickly reorganize the blockchain technical service team, we have decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform.

On October 2, 2023, the Company's Annual General Meeting approved to increase the authorized share capital of the Company from US\$250,000 divided into 62,500,000

ordinary shares with a par value of US\$0.004 each, to US\$4,000,000 divided into 1,000,000,000 ordinary shares of a par value of US\$0.004 each, by the creation of an additional 937,500,000 ordinary shares with a par value of US\$0.004 each.

On March 7, 2024, considering the uncertainties in the digital payment industry, the Company decided to suspend its development plan related to its digital payment solutions and digital payment services, as well as its application for an MSB (Money Service Business) license. In particular, the Company has obtained the approval of its board of directors on March 7, 2024 to terminate its "digital payment solutions" and "digital payment services" businesses, which did not generate any meaningful revenue in the past.

After the adjustment of our business strategies, the focus of our operating subsidiaries are as follows: (i) MFH Tech acting as the operating entity of distributed storage and computing services and business consultation services business in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates and only after obtaining FINRA approval, Chaine Securities to operate our financial advisory services and online and traditional brokerage services in North America; and (iii) Ucon and Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

Our principal executive offices are located at 1330 Avenue of Americas, Fl 33, New York, 10019, United States. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on www.sec.gov. You can also find information on our investor relationship website <https://mercurityfintech.com/>. The information on our website should not be deemed a part of this annual report.

B. Business Overview

Our Principal Business

In August 2021, we added cryptocurrency mining as one of our main businesses. We entered into cryptocurrency mining pools by executing a business contract with a collective mining service provider on October 22, 2021 to provide computing power to the mining pool and derived USD\$664,307 related revenue in 2021 and USD\$783,089 related revenue in the first half of 2022.

In July 2022, we added consultation services to our business, providing business consultation services to global corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and digital payment business. However, due to resource restraints, we have ceased our development plans in digital payment business, including digital payment services and solution consulting, and applications for the required money transmit licenses since March 2024.

On July 15, 2022, we incorporated Mercurity Fintech Technology Holding Inc. ("MFH Tech") to develop distributed computing and storage services (including cryptocurrency mining and providing cloud storage services for distributed application product operators) and consultation services.

On August 23, 2022, MFH Tech signed a Consulting Agreement with a Chinese media company, pursuant to which MFH Tech will serve as a business consultant in order to facilitate the client to establish the entity in the United States and make financing strategy, and the agreed amount of the immutable consideration portion of the agreement is \$160,000. We recognized consultation services revenue of \$80,000 for the year ended December 31, 2022 based on the percentage-of-completion.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares. The investment was made with the aim to own mining machines capable of gathering, processing, and storing vast amounts of data, to advance the cryptocurrency mining business, and to advance the Web3 framework. We started using some of the storage capacity of these devices for Filecoin mining business from December 20, 2022. In January 2023, we transferred all of the Web3 decentralized storage infrastructure to our US subsidiary MFH Tech, which serves as the operating entity for our business of Filecoin mining and cloud storage services for decentralized platform operators. For the year ended December 31, 2022 and 2023, we earned \$348 and \$285,928 respectively in Filecoin mining revenue from physical mining operations, and did not receive any revenue from providing cloud storage services to decentralized platform operators.

On April 12, 2023, we completed the incorporation of another U.S. subsidiary, Chaine Securities, Inc. ("Chaine Securities"), which plans to develop financial advisory services, online and traditional brokerage services independently in the future. On May 3, 2023, Chaine Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer. The FINRA review process for such acquisition is currently ongoing.

As of June 30, 2023, all the agreed services under the consulting agreement with the Chinese media signed on August 23, 2022 had been completed, and the Company recognized consultation services revenue of \$80,000 for the first half of 2023 based on the percentage-of-completion.

On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the next year.

On November 1, 2023, the Company signed a financial consulting agreement with an American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and esteemed third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the next year.

On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage PTE LTD. ("Origin Storage"). The Company has used the Origin Storage's technology to re-package the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage included, but not limited to, storage server services, computing encapsulation server services, and technical services. As of April 15, 2024, by adopting the new technology provided by Origin Storage, we had opened two new nodes (replacing the two old nodes we opened in 2023) with an effective storage capacity of 70 PiB, taking up only 7 PiB original storage capacity (the "Raw Byte Power") of our Web3 decentralized storage infrastructure, which means that using the new technology provided by Origin Storage to occupy the same original storage capacity can achieve 10 times the effective storage capacity, and the Company is expected to achieve greater productivity of the cryptocurrency mining business in the future.

On March 7, 2024, considering the many uncertainties in the relevant industry, the Company decided to temporarily abandon its development plan related to digital payment solutions, as well as the application for the MSB (Money Service Business) license.

After the adjustment of our business strategies, the focuses of our respective operating subsidiaries are as follows: (i) MFH Tech acting as the operating entity of distributed storage and computing services and business consultation services in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates and after obtaining FINRA approval, Chaine Securities to operate our financial advisory services, online and traditional brokerage services in North America; and (iii) Ucon and

Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

Business Segment 1 – Business consultation services

We provide comprehensive business consultation services and industry resource support to global corporate clients based on the resource advantages we have accumulated over the years. We also assist corporate clients in the Asia Pacific region in developing business in the United States, such as helping the clients improve operations and compliance, achieving market entry and expansion, introducing and coordinating professional service institutions.

- Target customers or clients: Our Business consultation services mainly serves clients from Greater China, Southeast Asia, and North America (Canada, the United States, Mexico).
- Fee structure: Our general fee structure is composed of cash payment and/or bonus shares upon reaching certain milestones or meeting certain performance requirements.
- Location: Our Business consultation services will be based in our offices in Shenzhen, Hong Kong and New York, covering Greater China, Southeast Asia and North America.

For example, on August 23, 2022, we signed a Consulting Agreement with a Chinese media company, pursuant to which we served as a business consultant in order to: a) assist the client in establishing an operating entity in the United States and assist its operations; b) introduce American entertainment media industry related resources; c) introduce capital market related resources, including auditors, lawyers and investment banks, to assist the client in developing financing strategies and plans in the US capital markets. On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the same Chinese media company, pursuant to which the Company continued to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the year 2024.

As of June 30, 2023, all the agreed services under the consulting agreement with the Chinese media company signed on August 23, 2022 had been completed, and the Company recognized consultation services revenue of \$80,000 for the first half of 2023 based on the percentage-of-completion.

On November 1, 2023, the Company signed a consulting agreement with an American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the year 2024.

We are establishing our Asia Business consultation services team in Hong Kong and Shenzhen, and we seek to acquire more new clients in the Asia Pacific region and provide better services to these clients. Presently, we are in advance negotiations with several Asian clients to provide them with comprehensive business consulting to enter the US market. It is expected that we will reach agreements and sign contracts with one or two clients in the first half of 2024.

Business Segment 2 – Financial advisory services and Brokerage services

On May 3, 2023, Chaince Securities entered into a Purchase and Sale Agreement (the "JV and Chaince Transaction") for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer. We commenced the application process for continued membership application of the Financial Industry Regulatory Authority (FINRA) in August 2023. Based on the status of the FINRA review, the Company expects to receive FINRA approval on the JV and Chaince Transaction in the first half of 2024, although the Company cannot assure that its FINRA application will be approved within such timeframe or at all. With the FINRA licenses, we will be able to provide more comprehensive professional services to corporate clients that want to become publicly traded in the United States, including financial advisory services and brokerage services.

- Target customers or clients: Our financial advisory services and brokerage services business mainly targets clients from Greater China, Southeast Asia, and North America (Canada, the United States, Mexico).
- Fee structure: Our fees are generally payable by the client by tranches upon reaching certain project milestones, such as upon first filing with the relevant regulator or upon completion of a project.
- Location: Financial advisory services and brokerage services will be based in our offices in Shenzhen, Hong Kong and New York, covering Greater China, Southeast Asia and North America, respectively.
- Milestones or Timetables: Our fees are generally payable by the client by tranches upon reaching certain project milestones, such as upon first filing with the relevant regulator or upon completion of a project.

Pending the FINRA approval, we are building a professional team of 7-8 persons in New York to carry out financial advisory services and brokerage services, and we are also building a market promotion and customer service team of 3-4 persons in Hong Kong and Shenzhen to attract more potential clients.

1) Financial advisory services

Our financial advisory services will focus on providing comprehensive financial services to corporate clients in emerging countries and regions planning to enter the US capital markets, such as providing capital operation plans, private equity financing services, investment consulting services, and mergers and acquisitions services to the clients.

Our financial advisory services will be based in our offices in Shenzhen, Hong Kong and New York, covering Greater China, Southeast Asia and North America, respectively. We already have a financial advisory service team in New York, and we are establishing our Asian financial advisory service teams in Hong Kong and Shenzhen to seek more new clients in the Asia Pacific region and provide better services for these clients in the future.

2) Brokerage services

In addition to our financial advisory business, we may make securities underwriting an important part of our brokerage services business, in order to provide more comprehensive financial services for our corporate clients. We will decide whether to carry out other brokerage services, such as securities brokerage and asset management based on the Company's future business development.

Our brokerage services will mainly be located in our New York office, serving clients in Greater China, Southeast Asia, and North America. We will also promote our brokerage services to clients through our offices in Hong Kong and Shenzhen.

It should be emphasized that our financial advisory services and brokerage services (securities underwriting and other brokerage services) can only be carried out after we have completed the acquisition of J.V. Delaney & Associates and obtained the financial license and FINRA approval required for brokerage services business.

Business Segment 3 – Distributed computing and storage services

In August 2021, we added cryptocurrency mining as one of our main businesses. Cryptocurrency mining is part of our distributed computing and storage services business.

From October 2021 to April 2022, we obtained the usage rights of a certain number and specific models of Bitcoin mining machines and specific business premises by executing contracts with the sharing mining service provider, and registered as users on the mining pool website, complying with the general terms and conditions required to join the mining pool published on the mining pool website, to increase computing power to the mining pool. In exchange for providing computing power, we are entitled to a fractional share of the fixed digital asset awards the mining pool operator receives, for successfully adding blocks to the blockchain. Our fractional share is relative to the proportion of computing power we contribute to the mining pool operator toward the total computing power contributed by all mining pool participants in solving the current algorithm. Providing computing power in digital asset transaction verification services is an output of our ordinary activities. The provision of such computing power is the only performance obligation in the general terms of the mining pool website. The transaction consideration we receive, if any, is noncash consideration, which we measure at fair value on the date received, which is not materially different than the fair value at contract inception or the time we have earned the award from the pools. These considerations are all variable. Since significant reversals of cumulative revenue are possible given the nature of the assets, the consideration is constrained until the mining pool operator successfully places a block (by being the first to solve an algorithm) and we receive confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component related to these transactions. Fair value of the digital assets award received is determined using the quoted price of the related digital assets at the time of receipt. The Company earned \$783,090 in Bitcoin mining revenue from shared mining operations for the year ended December 31, 2022, and \$664,307 for the year ended December 31, 2021. We have not operated any Bitcoin mining business since May 2022 and there were no related revenues in the year ended December 31, 2023.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5.98 million, payable in our ordinary shares. Starting on December 20, 2022, we used some of the storage capacity of these devices for Filecoin mining business, and other storage capacity will be used to provide cloud storage services to distributed application product operators. We have rented the Filecoin mining operating premises located in New Jersey, United States from Cologix US, Inc. and we have entered into the Filecoin mainnet as a miner by registering as a user on the Filecoin mainnet, complying with the general terms and conditions required to become a miner published on the Filecoin mainnet. The essence of Filecoin mining business is that we utilize our Web3 decentralized storage infrastructure and provide cloud storage services to the end customers through the Filecoin mainnet. In exchange for providing storage capacity, we are entitled to a fractional share of the fixed digital asset awards from the Filecoin mainnet, for successfully adding blocks to the blockchain. Our fractional share is relative to the proportion of storage capacity we contribute to Filecoin mainnet toward the total storage capacity contributed by all the Filecoin mainnet's participants in solving the current algorithm. Providing storage capacity in digital asset transaction verification services is an output of our ordinary activities. The provision of such storage capacity is the only performance obligation in the general terms of the Filecoin mainnet. The transaction consideration we receive, if any, is noncash consideration, which we measure at fair value on the date received, which is not materially different than the fair value at contract inception or the time we have earned the award from the Filecoin mainnet. These considerations are all variable. Since significant reversals of cumulative revenue are possible given the nature of the assets, the consideration is constrained until the all the miners successfully places a block (by being the first to solve an algorithm) and we receive confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component related to these transactions. Fair value of the digital assets award received is determined using the quoted price of the related digital assets at the time of receipt. For the year ended December 31, 2022, we earned \$348 in Filecoin mining revenue from physical mining operations. For the year ended December 31, 2023, we earned \$285,928 in Filecoin mining revenue from physical mining operations.

The Web3 decentralized storage infrastructure, which we acquired through a share offering in December 2022, is expected to achieve a maximum storage capacity of approximately 100PiB. We plan to use the storage capacity for Filecoin and other cryptocurrency mining and provide cloud storage services to other distributed application product operators. However, due to the continued low market prices of Filecoin in 2023, as well as the average return on unit computing power of Filecoin mining business decreasing with the growth of the computing power of the whole network, as of the end of 2023, we had not opened enough nodes to achieve the initial goals of our Filecoin mining business. Apart from the Filecoin mining business, we had not utilized the infrastructure for any other cryptocurrency mining business, nor had we provided cloud storage services to any other distributed application product operators. Therefore, the Web3 decentralized storage infrastructure was not fully utilized during fiscal year 2023. However, these Web3 decentralized storage infrastructures were recognized for depreciation costs on a straight-line basis, which resulted in significant losses for our business of providing distributed computing and storage services in 2023.

On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage PTE. LTD. ("Origin Storage"). The Company have used Origin Storage's technology to re package the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage include but are not limited to storage server services, computing encapsulation server services, and technical services.

In January 2024, we repackaged our Web3 decentralized storage infrastructure for Filecoin mining using new technology provided by Origin Storage and began running two new Filecoin mining nodes. As of the date of this annual report, the effective storage capacity of our two new Filecoin mining nodes has reached 64PiB, exceeding our original target storage capacity of 60.4PiB, and it only take up 6.4PiB of the original storage capacity (the "Raw Byte Power") of our Web3 decentralized storage infrastructure. In other words, the effective storage capacity of the Company can be magnified tenfold with Origin Storage's technologies.

In this way, most of the original storage capacity (the "Raw Byte Power") of the Company's Web3 decentralized storage infrastructure will remain available for use, which we can utilize to expand our Filecoin mining business, or engage in other cryptocurrency mining businesses, or provide cloud storage services to other distributed application product operators. We have not currently determined the other types of cryptocurrencies we may mine or otherwise transact in, and any such decision will be made based on economic return and legal analysis. We will consult our legal advisers and abide by relevant SEC and court guidance on whether such cryptocurrencies constitute securities, but we currently do not have plans to mine any type of cryptocurrency that constitute "securities" under U.S. law. We expect to decide how these remaining storage capabilities will be used by the end of June 2024.

On January 10, 2023, we entered into an asset purchase agreement (the "Original Contract") with Jinhe Capital Limited ("Jinhe"), providing for the purchase of 5,000 Antminer S19 PRO Bitcoin mining machines, for an aggregate consideration of \$9 million. However, from April to June 2023, our management reassessed the potential adverse effects of changes in the Company's business environment and readjusted the Company's business structure and the future development plan. Considering the increasing difficulty of mining in the mining industry and the general loss of the top mining enterprises, we have decided to reduce the procurement scale of Bitcoin miners and reduce the Company's investment in the mining field. As such, the Company and Jinhe Capital Limited entered into an amendment to the S19 Pro Purchase Agreement (the "Amendment"), pursuant to which the parties have agreed to reduce the purchase order to no more than 2,000 Bitcoin miners for a total amount of no more than \$3.6 million. As the Ant miner S19 Pro Bitcoin miner is currently one of the best-selling models in the market and our order is back ordered, our batch of the S19 Pro has not been delivered as of the date of this letter. As of December 31, 2023, the Company had paid the seller \$3 million US dollars. On March 10, 2024, the Company and Jinhe entered into a Cancellation Agreement, as which the Original Contract and the Amendment were all cancelled and terminated in its entirety. Going forward, we currently have no plans to resume Bitcoin mining business.

In January 2023, our U.S. subsidiary, MFH Tech signed a Coinbase Prime Broker Agreement with Coinbase, Inc., a copy of which is appended as Exhibit 99.2 to this annual report. The agreement includes the Coinbase Custody Custodial Services Agreement and the Coinbase Master Trading Agreement. The agreement sets forth the terms and conditions pursuant to which the Coinbase entities will open and maintain the prime broker account for us and provide services relating to custody, trade execution, lending or post-trade credit (if applicable), and other services for certain digital assets. We do not currently own and/or hold crypto assets on behalf of third parties. Coinbase Custody maintains, at its sole expense, insurance coverage in such types and amounts as commercially reasonable for the Custodial Services provided in the Coinbase Prime Broker

Agreement. Coinbase maintains a commercial crime insurance policy which encompasses losses due to employee collusion or fraud, physical loss or damage of critical material, security breaches or hacks, and fraudulent transfers, including asset theft from both hot and cold storage. Additionally, Coinbase maintains cyber insurance, which covers loss of income and data recovery resulting from security failures leading to business interruptions, covering computer forensic costs, incident response legal fees, notification expenses, and privacy claims by regulators. Based on publicly available information, Coinbase maintains a commercial crime insurance policy of up to \$320 million. The insurance maintained by Coinbase is shared among all of Coinbase's customers, is not specific to our Company and may not be available or sufficient to protect our Company from all possible losses or sources of losses. Coinbase's insurance may not cover the type of losses experienced by our Company. Alternatively, we may be forced to share such insurance proceeds with other clients or customers of Coinbase, which could reduce the amount of such proceeds that are available to us.

In May 2023, it was reported that a trust sponsor had requested for withdrawal of its registration statement filed with the SEC in deference to the requests in the SEC Staff's letters, and that the SEC was of the view that Filecoins constituted "securities" under U.S. securities laws. Additionally, in June 2023, the SEC filed a lawsuit against Binance, and named Filecoin as, among other cryptocurrencies, constituting "securities" under U.S. securities laws. Such categorization, as well as further regulatory developments, new legislations and regulations, and changes in regulatory policy, may have materially adverse impacts on our business, financial condition and results of operations, as well as the price of our shares. Our Filecoin assets constituted less than 2.4% of our consolidated total assets as of December 31, 2023. As such, we believe that such regulatory changes will have minimal impacts on us. We are reviewing the recent legal and regulatory development and we intend to alter our business focus and strategy whenever necessary to remain compliant with all applicable laws and regulations. See also "Risk Factors—Risks Relating to Our Business and Industry—Certain crypto assets and cryptocurrencies have been identified as a "security" in certain jurisdictions, and we may be subject to regulatory scrutiny, inquiries, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition."

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In addition, due to recent developments in the regulations of cryptocurrencies, particularly in the U.S., such as the creation of subcommittees of the House Financial Services Committee, the approval of custodians for digital assets securities, and the Security and Exchange Commission's crackdown on illegal trading platforms, we have seen increases of the price volatility of various cryptocurrency assets. For instance, the price of Bitcoins experienced sharp volatility in the first seven months of 2023, including a high price of more than \$31,000 and a low price of less than \$17,000, and the price of Filecoins also experienced sharp volatility in the first seven months of 2023, including a high price of more than \$9 and a low price of less than \$3. Our total cryptocurrency asset (excluding the Bitcoins and USD Coins out of control, which have been fully recognized as impairment losses) holdings constituted less than 2.4% of our consolidated total assets as of December 31, 2023. As such, we believe that the immediate impact of such regulatory changes will be limited to us. We are closely monitoring the changes and trends in prices of cryptocurrencies, and we may make changes to our business focus and strategies in the future should the need arise. See also "Risk Factors—Risks Relating to Our Business and Industry—Our operating results may fluctuate and continue to fluctuate, including due to the highly volatile nature of crypto."

Similarly, due to the increased price volatility of cryptocurrencies in general, individualized management failures, failures of internal control and oversight, as well as other macroeconomic or other factors, a string of bankruptcies have occurred in the crypto asset industry, including those of Genesis Global Capital, FTX, BlockFi, Celsius Network, Voyager Digital and Three Arrows Capital. Such bankruptcies and adverse developments in the crypto asset industry and have not impacted and is not expected to materially and adversely impact our business, financial condition, customers, and counterparties, either directly or indirectly, as the Company is not a direct counterparty to such entities. We do not have any material assets that may not be recovered due to the bankruptcies of those named companies or may otherwise be lost or misappropriated. We are also not aware of any material direct or indirect exposures to other counterparties, customers, custodians, or other participants in crypto asset markets that have filed for bankruptcy, that have been decreed insolvent or bankrupt, that have made any assignment for the benefit of creditors, or have had a receiver appointed for them, that have experienced excessive redemptions or suspended redemptions or withdrawals of crypto assets, that have the crypto assets of their customers unaccounted for; or that have experienced material corporate compliance failures. However, it is possible that these recent bankruptcies may have exacerbated the further pricing decline of certain cryptocurrencies, such as Bitcoin, in 2023 which may have imposed adverse impacts to our mining losses and/or value of the cryptocurrencies we hold.

Investors in our securities should be aware that engaging in cryptocurrency mining may result in certain environmental harms and transition risks related to climate change that may affect our business, financial condition and results of operations, as mining operations consume a substantial amount of power, which may contribute to increased carbon emissions. Recent policy and regulatory changes relating to limiting carbon emissions could impose additional operational and compliance burdens on our cryptocurrency mining operations, such as more stringent reporting requirements or higher compliance fees. There have also been recent market trends that may alter business opportunities for our industry, stemming from recent regulatory and policy changes in the jurisdictions in which we operate, where regulators have come out to state that certain cryptocurrencies constitute "securities" and that there would be increased regulation and oversight over businesses engaged in cryptocurrencies, which is highly power-consuming and poses environmental risks. These may lead to increased credit risks, which may lead to financiers and lenders being less willing to enter into business relationships with us, as well as increased litigation risks related to climate change in the jurisdictions in which we carry out mining operations. Some businesses as well as some investors may have also ceased accepting cryptocurrencies for certain types of purchases, and stopped investing in businesses involved in cryptocurrencies businesses, due to environmental concerns associated with cryptocurrencies mining, which may have adverse impacts on our business, financial condition, and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—Environmental concerns associated with cryptocurrencies mining could have adverse impacts on our business, financial condition, and results of operations."

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Our clients

Business consultation services

Our business consultation services mainly serves clients from Greater China, Southeast Asia, and North America. As of December 31, 2023, we have obtained two clients, one from China and the other from the United States. We have plans to invest more into promotion and brand awareness to attract more clients in the future.

Financial advisory services and Brokerage services

Our financial advisory services and brokerage services business mainly targets clients from Greater China, Southeast Asia, and North America. Our financial advisory services and brokerage services (securities underwriting and other brokerage services) can only be carried out after we have completed the acquisition of J.V. Delaney & Associates and obtained the financial license and FINRA approval required for brokerage services business. Therefore, as of December 31, 2023, we have not yet obtained the corresponding clients.

Distributed storage and computing services

From 2021 to 2023, our distributed storage and computing business only includes cryptocurrency mining. Our clients in the Bitcoin mining business we conducted from October 2021 to April 2022 were F2Pool mining pool operators. We provided computing power to the mining pool and received Bitcoin rewards as compensation for our services. Since December 2022, our clients for Filecoin mining business have been the end users (storage demanders) on the Filecoin Mainnet. We have been providing storage services to these end users and receiving Filecoin rewards as compensation for our services.

Marketing

We engage various marketing channels to promote our business to more business partners and individual customers. We also provide various incentives to our customers to

increase their spending and loyalty, and we send e-mails to our customers periodically with product recommendations and/or promotions. To enhance our brand awareness, we also have engaged in brand promotion activities.

In addition to the online marketing activities, we also utilize offline activities to attract more users and promote our brand recognition. For example, we attended offline meetings to enhance our brand awareness and promote our presence in the industry.

As our business continues to evolve and expand into different areas, we have plans to steadily increase our marketing and promotional investment and efforts alongside the projected growth relative to these investments.

Competition

For our business consultation services, there are many business, management and financial consulting companies in the United States that will become our competitors, and their team members may come from some well-known consulting firms, investment banks and broker dealers. For our distributed storage and computing services, the digital asset industry is intensely competitive and is densely populated by global competitors, including Marathon (MARA), Riot (RIOT), Bit Digital (BTBT), BIT Mining (BTCM), The9 (NCTY), among others.

Our competitors may have entered the industry much earlier than us. They may be better capitalized, may have more industry connections, may have a stronger team, and may be able to adapt more quickly to new technologies or may be able to devote greater resources to the development, marketing and sale of their products and services than we can.

We anticipate that the demand for global business consulting will continue to increase, and the digital asset market will continually evolve and will continue to experience rapid technological change, evolving industry standards, shifting customer requirements, and frequent innovation. We must continually innovate to remain competitive. We believe that the principal competitive factors in our industry are:

- brand recognition and reputation;

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- service quality;
- pricing;
- ecosystem integration;
- customer service.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above and that our Company benefits from many advantages over the competition. However, some of our current or future competitors have or may provide higher quality services or introduce new technology that are superior to ours.

Seasonality

We have not experienced seasoned fluctuations in our current principal business. Due to our limited operating history in our current core business, the seasonal trends that we experienced are not necessarily indicative of the seasonal trends that we may experience in the future.

Intellectual Property

We regard trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and from time to time we rely on copyright and trademark law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. As of December 31, 2023, we have registered a generic top-level domain name. Our registered domain name is www.mercurityfintech.com.

Regulations

This section sets forth a summary of the most significant rules and regulations that affect our business activities in the PRC. Although our sources of revenue have been outside the Chinese mainland since 2021, we still have office and staff teams in China to seek more Chinese customers for our business consulting services, and we do not rule out the possibility of continuing to develop new business in China in the future.

Regulations Relating to Foreign Investment

Industry Catalogue Relating to Foreign Investment. Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce and the National Development and Reform Commission. Industries listed in the Catalogue are divided into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally deemed as constituting a fourth "permitted" category. The current Special Administrative Measures (Negative List) for Admission of Foreign Investment (Year 2021) was promulgated in December 2021 and Industry Guidelines on Encouraged Foreign Investment (Year 2022) was promulgated in December 2022. Establishment of wholly foreign-owned enterprises is generally allowed in encouraged and permitted industries. Some restricted industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to higher-level government approvals. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

Through our WFOE and the previous VIEs, we were engaged in certain industries that are classified as "restricted" under the Catalogue. We engage in the development of computer network technology, technical consultancy and technical services, which belong to the permitted category. Under PRC law, the establishment of a wholly foreign owned enterprise is subject to the approval of, or the requirement for record filing with, the Ministry of Commerce or its local counterparts and the wholly foreign owned enterprise must register with the competent industry and commerce bureau. We have duly obtained the approvals from the Ministry of Commerce or its local counterparts for our interest in our wholly owned PRC subsidiaries and completed the registration of these PRC subsidiaries with the competent industry and commerce bureau.

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The Ministry of Commerce issued the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises, as amended in June 2018, which was replaced by Measures on Reporting of Foreign Investment Information promulgated in December 2019. According to Measures on Reporting of Foreign Investment Information, foreign investors carrying out investment activities in the PRC directly shall submit investment information to the Ministry of Commerce or its local counterparts. Pursuant to the Announcement [2016] No. 22 of the National Development and Reform Commission and the Ministry of Commerce dated October 8, 2016, the special entry administration measures for foreign investment apply to restricted and prohibited categories specified in the Catalogue, and the encouraged categories are subject to certain

requirements relating to equity ownership and senior management under the special entry administration measures.

On January 1, 2020, Foreign Investment Law of the People's Republic of China became effective. For foreign-invested enterprises established after the Foreign Investment Law, the organization form, institution and activity requirement shall be governed by the PRC Company Law and PRC Partnership Law. The established foreign-invested enterprises have a five-year transition period. During the transition period, the enterprises could retain the original organization form. Specific implementation measures will be further formulated by the State Council.

On August 5, 2020, the opinions of the general office of the State Council on further stabilizing foreign trade and foreign investment came into effect. The rules put forward requirements on expanding the online channels of foreign trade and improving the convenience of foreign business personnel to come to the PRC, which is of great benefit to the field of foreign investment.

Foreign Investment in Value-Added Telecommunications Businesses. The Regulations for Administration of Foreign-invested Telecommunications Enterprises promulgated by the PRC State Council in December 2001 and subsequently amended in September 2008, February 2016 and March 2022 set forth detailed requirements with respect to capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-invested telecommunications enterprise. These regulations prohibit a foreign entity from owning more than 50% of the total equity interest in any value-added telecommunications service business in the PRC and require the major foreign investor in any value-added telecommunications service business in the PRC have a good and profitable record and operating experience in this industry.

Regulations Relating to Blockchain Technology

Since May 2019, we started to engage in blockchain-enabled digital asset infrastructure solutions business. The PRC has promulgated laws and restrictions against illegal activities conducted through blockchain technologies.

In January 2019, the Cyberspace Administration of China promulgated the Administrative Regulation on Blockchain Information Services, which regulates the information services provided to the public through internet sites, applications, etc. based on blockchain technology or systems. It states that blockchain information services suppliers shall implement the responsibility for information content security management, establish and improve management systems such as user registration, information review, emergency response, and security protection, they shall also have the technical conditions suitable for their services, establish and disclose management rules and platform conventions, sign service agreements with blockchain information services users, etc. This is the first time China conducted compliance supervision on the blockchain.

The PRC Cryptography Law, which entered into force on January 1, 2020, is the latest normative legal document that regulates the blockchain industry. The term "cryptography" refers to products, technologies and services that use specific transformations to carry out encryption protection or security authentication for information, etc. The use of blockchain technology to encrypt and protect the information it collects is a "cryptography" under PRC law and shall be regulated by the PRC Cryptography Law.

Under PRC criminal law, the illegal use of blockchain technology may involve four types of crimes: crime of refusing to perform network security management obligations, crime of helping information network criminal activities, crime of violating citizens' information and crime of endangering public safety. Among them, the crime of refusing to perform network security management obligations may cause the mass dissemination of illegal information, the leakage of user information and leads to a serious consequence, the loss of evidence in criminal cases in a serious circumstance and other serious circumstance. Refusing to make corrections after being ordered by the regulatory authority to make corrective measures is subject to imprisonment of up to three years, detention or control and a fine.

In September 2021, ten PRC governmental authorities, including the People's Bank of China (PBOC), jointly issued the "Notice on Further Preventing and Resolving the Risks of Virtual Currency Trading and Speculation" to clarify that cryptocurrency is not a legal tender in the PRC. Additionally, in September 2021, eleven governmental authorities, including the National Development and Reform Commission and the People's Bank of China jointly issued the "Notice of Rectifying Virtual Currency Mining Activities" to strictly prohibit the virtual currency mining activities in the PRC. As of the date of this annual report, all cryptocurrency transactions in the PRC are considered illegal, including offshore exchanges to provide services to Chinese citizens. In response to such rapid and adverse regulatory changes in the PRC, we had to remodel our business plans and shift the business focus outside of the PRC.

Regulations Relating to E-Commerce

Prior to July 22, 2019, our principal business was food-industry B2B services and we were subject to regulations relating to e-commerce. As a result of the divestiture of the previous food business, we are no longer subject to E-commerce related rules and regulations.

Regulations Relating to Internet Content and Information Security

The Administrative Measures on Internet Information Services specify that internet information services regarding news, publications, education, medical and health care, pharmacy and medical appliances, among other things, are to be examined, approved and regulated by the relevant authorities. Internet information providers are prohibited from providing services beyond those included in the scope of their ICP licenses or filings. Furthermore, these measures clearly specify a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the lawful rights and interests of others. Internet information providers that violate the prohibition may face criminal charges or administrative sanctions by the PRC authorities. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offending content immediately, keep a record of it and report to the relevant authorities.

Internet information in the PRC is also regulated and restricted from a national security standpoint. The National People's Congress, the PRC's national legislative body, has enacted the Decisions on Maintaining Internet Security, which may subject violators to criminal punishment in the PRC for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit use of the internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content.

In July 2019, the Cyberspace Administration of the PRC promulgated The Measures for Credit Information Management of Internet Untrustworthy Subjects (draft) to credit construction in the field of internet information services and strengthen credit information management of internet information service untrustworthy subjects. The draft lists four specific cases of serious untrustworthy activities and stipulates the subject of the above-mentioned acts shall be included in the blacklist of serious untrustworthy of internet information service. The validity period is three years, during which the subject will be restricted to engage in internet information service. Relatively minor behaviors which committed several times but have not reached the blacklist determination criteria will be included in the focus list.

In January 2021, the state Internet Information Office issued the administrative measures for Internet information services (Revised Draft for comments). The PRC has set up a blacklist system for Internet information services. Organizations and individuals whose licenses or records have been revoked by the competent authorities shall not re apply for relevant licenses or records within three years; organizations and individuals whose accounts have been cancelled or websites have been shut down by the competent authorities shall not re provide similar services for them within three years.

On July 10, 2021, the PRC State Internet Information Office issued the Measures of Cybersecurity Review, which requires cyberspace companies with personal information of more than one (1) million users that want to list their securities on a non-Chinese stock exchange to file a cybersecurity review with the Office of Cybersecurity Review of China. On December 28, 2021, a total of thirteen governmental departments of the PRC, including the PRC State Internet Information Office issued the Measures of Cybersecurity Review,

We (1) are not required to obtain permissions from any PRC authorities to offer to sell or issue our ordinary shares to non-Chinese investors, (2) are not covered by the permission requirements from the China Securities Regulatory Commission (the "CSRC") and Cyberspace Administration of China (the "CAC") or any other entity that is required to approve of the operations of ours and our subsidiaries, and (3) have not received nor been denied such permissions by any PRC authorities. Nevertheless, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the "Opinions on Severely Cracking Down on Illegal Securities Activities According to Law," or the July 6, 2021 Opinions, which were made available to the public on July 6, 2021. The July 6, 2021 Opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Given the current PRC regulatory environment, it is uncertain whether and when we or our subsidiaries will be required to obtain any permission from the PRC government to list on a U.S. stock exchanges in the future, and even when we obtain such permission, whether it will be denied or rescinded.

Regulations Relating to Internet Privacy

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. The Administrative Measures on Internet Information Services prohibit ICP service operators from insulting or slandering a third-party or infringing upon the lawful rights and interests of a third-party. Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the MIIT in 2011, an ICP operator may not collect any user personal information or provide any such information to third parties without the consent of a user. An ICP service operator must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An ICP service operator is also required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the ICP service operator must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunications regulatory authority. In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People's Congress in December 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An ICP service operator must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying of any such information, or selling or proving such information to other parties. Any violation of the above decision or order may subject the ICP service operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities. Furthermore, in June 2016, the State Internet Information Office issued the Administrative Provisions on Mobile Internet Applications Information Services, which became effective on August 1, 2016, to further strengthen the regulation of the mobile application information services. Pursuant to these provisions, owners or operators of mobile internet applications that provide information services are required to be responsible for information security management, establish and improve the protective mechanism for user information, observe the principles of legality, rightfulness and necessity, and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users' personal information. In addition, the new Cyber Security Law, which became effective on June 1, 2017, also requires network operators to strictly keep confidential users' personal information that they have collected and to establish and improve user information protective mechanism. We have required our users to consent to our collecting and using their personal information, and established information security systems to protect user's privacy.

On May 24, 2019, the Cyberspace Administration of the PRC promulgated the Cybersecurity Review Measures (Exposure Draft), which, together with the Article 35 of the Cybersecurity Law, focuses on the cyber security review. It has clear and detailed provisions on the review object, review scope and review process, and provides guidance for law enforcement agencies.

On May 28, 2019, the Cyberspace Administration of the PRC promulgated the Administrative Measures on Data Security, which further stipulates the network security protection obligations that network operators should perform under the PRC Cybersecurity Law, clarifies the standards for the collection, processing, using and security supervision of personal information and important data, and states that network operators shall make a filing with the local cyberspace administration when they collect important data or sensitive personal information for the purposes of business operations, any network operator that collects and uses personal information through products such as websites and applications shall develop and disclose the rules for collection and use separately.

In October 2019, the Information Security Technology - Personal Information Security Specification (Exposure Draft) was published to seek comments from the general public. Although the draft is a national recommended standard but not legally enforceable, from a practical point of view, existing internet companies were required by the Cyberspace Administration of the PRC for not conforming to the draft's spirit and ordered to make rectification. In January 2020, National Information Security Standardization Technical Committee promulgated Information Security Technology - Basic Specification for the Collection of Personal Information by Mobile Internet Application (App) (Exposure Draft). This draft clarifies the basic requirements that mobile Internet applications should meet to collect personal information, which means that APP developers and operators who collect user's personal information shall strictly comply with the requirement.

In December 2019, the Cyberspace Administration of China promulgated Provisions on the Ecological Governance of Network Information Contents, which took effect on March 1, 2020. Its goal is to meet the requirement of a network comprehensive management system and promote and create a good network ecology and network space. It specifies the obligations of network information content producers, network information content service platforms and network information content service users regarding related ecological governance.

Regulations Relating to Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright. Pursuant to the Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights, including, among others, the right of disseminating the works through information networks. Pursuant to the relevant PRC regulations, rules and interpretations, internet service providers will be jointly liable with the infringer if they (a) participate in, assist in or abet infringing activities committed by any other person through the internet, (b) are or should be aware of the infringing activities committed by their website users through the internet, or (c) fail to remove infringing content or take other action to eliminate infringing consequences after receiving a warning with evidence of such infringing activities from the copyright holder. To comply with these laws and regulations, we have implemented internal procedures to monitor and review the content we have licensed from content providers before releasing on our website and remove any infringing content promptly after we receive notice of infringement from the legitimate rights holder.

Trademark. The Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of State Administration of Industry and Commerce 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. As of December 31, 2023, we had no trademark applications in China.

Domain Name. Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the MIIT on November 1, 2017. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the CNNIC is responsible for the daily administration of .cn domain names and Chinese domain names. CNNIC adopts the "first to file" principle with respect to the registration of domain names. We have registered www.mercurity.com.

On November 27, 2017, the MIIT issued the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services. Pursuant to this notice, internet access service providers shall, via the Record-filing System, regularly check the use of domain names by Internet-

based information service providers, and shall, in the case that a domain name does not exist or is expired or has no real identity information, cease the provision of access services for the Internet-based information service provider concerned.

Regulations Relating to Employment

The Labor Contract Law and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in the PRC are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement. We have not made adequate contributions to employee benefit plans, as required by applicable PRC laws and regulations.

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Regulations Relating to Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation), which became effective in October 2009, require that non-resident enterprises must obtain approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. In November 2015, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties became effective and repealed the Trial Implementation, which was later replaced by the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits promulgated by State Taxation Administration in October 2019. Pursuant to the new Measures, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection." Non-resident taxpayers who satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, instead of being subject to approvals, simultaneously gather and retain the relevant materials pursuant to the provisions of these measures for future inspection and be subject to follow-up administration by the tax authorities.

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Commerce on the Applicable Scope of the Policy of Temporary Exemption of Withholding Taxes on the Direct Investment Made by Overseas Investors with Distributed Profits, or Circular 102, which became effective in January 2018, where an overseas investor uses profits distributed by a resident enterprise in the PRC for direct investment in an encouraged investment project, deferred tax payment policy shall apply if the stipulated criteria is satisfied, and withholding of income tax shall be waived in the interim.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the 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 SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities 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 foreign currency-denominated loans.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular No. 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular No. 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC. SAFE also strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. In March 2015, SAFE issued SAFE Circular No.19, which took effect and replaced SAFE Circular No. 142 from June 1, 2015. Although SAFE Circular No.19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. The sixth article of SAFE Circular No.19 relating to the administration of the exchange settlement and use of the capital in the foreign exchange account under other direct investments has been abolished by SAFE Circular No.39 in 2019.

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In November 2012, SAFE promulgated the Circular on Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, and amended it in May 2015, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account, guarantee account), the reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. The Appendix 1 and 2 have been abolished by SAFE Circular No.39 in 2019. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by

SAFE and its branches. The Appendix 3 and Article 11 in the Appendix 1 which stipulates that the foreign exchange bureaus shall implement annual inspection on foreign investment enterprises pursuant to the relevant provisions of the State have been abolished by SAFE Circular No.39 in 2019.

In February 2015, SAFE promulgated the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular No. 13, which took effect on June 1, 2015. SAFE Circular No. 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment. SAFE Circular No.13 has been partially abolished by SAFE Circular No.39 in 2019.

The Holding Foreign Companies Accountable Act and the Accelerating Holding Foreign Companies Accountable Act

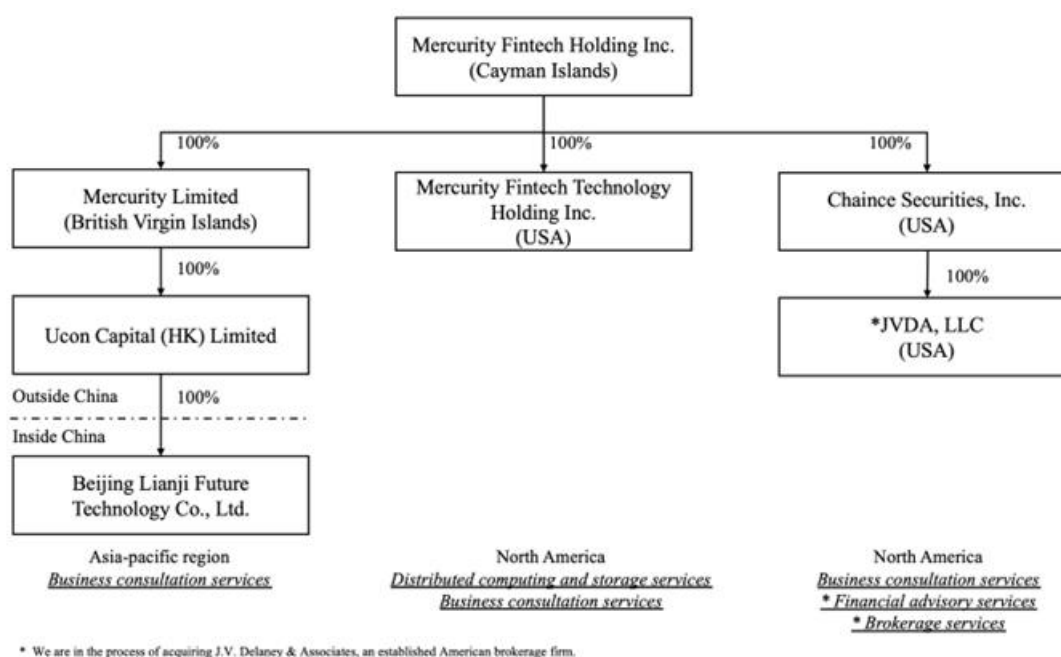
Our ordinary shares may be prohibited from trading on a national exchange or "over-the-counter" markets under the Holding Foreign Companies Accountable Act (the "HFCAA") if the Public Company Accounting Oversight Board ("PCAOB") determines that it is unable to inspect or fully investigate our auditor and as a result the exchange where our securities are traded may delist our securities. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act (the "AHFCAA"), which was signed into law on December 29, 2022, amending the HFCAA and requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchange if its auditor is not subject to PCAOB inspections for two consecutive years instead of three consecutive years. Pursuant to the HFCAA, the PCAOB issued a Determination Report on December 16, 2021, which found that the PCAOB was unable to inspect or investigate completely certain named registered public accounting firms headquartered in mainland China and Hong Kong.

Our independent registered public accounting firm is headquartered in Singapore and has been inspected by the PCAOB on a regular basis and as such, it is not affected by or subject to the PCAOB's 2021 Determination Report. On August 26, 2022, the SEC issued a statement announcing that the PCAOB signed a Statement of Protocol with the CSRC 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, jointly agreeing on the need for a framework. On December 15, 2022, the PCAOB announced that it has secured complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate the previous 2021 Determination Report to the contrary. Notwithstanding the foregoing, in the future, if there is any regulatory change or step taken by regulators that does not permit our auditor to provide audit documentations to the PCAOB for inspection or investigation, shareholders may be deprived of the benefits of such inspection which could result in limitation or restriction to our access to the U.S. capital markets and trading of our securities, including trading on the national exchange and trading on "over-the-counter" markets, may be prohibited under the HFCAA and AHFCAA and/or PCAOB may consider the need to issue new determinations consistent with the HFCAA and Rule 6100. See "Risk Factors - Risks Relating to Doing Business in China."

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C. Organizational Structure

The following diagram illustrates our current corporate structure.



Our respective operating subsidiaries are as follows: (i) Mercury Fintech Technology (MFH Tech) acting as the operating entity of distributed storage and computing services and business consultation services in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates and only after obtaining FINRA approval, Chaince Securities to operate our financial advisory services, online and traditional brokerage services in North America; and (iii) Ucon and Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

D. Property, Plants and Equipment

On December 15, 2022, the Company entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure (the "Equipment"), including cryptocurrency mining servers, cables, and other electronic devices. Starting on December 20, 2022, we use some of the storage capacity of these devices for Filecoin mining business. We have rented the Filecoin mining operating premises located in New Jersey, United States from Cologix US, Inc. for the storage of the Equipment.

Our executive office is located at 1330 Avenue of Americas, Fl 33, New York, 10019, United States. Our headquarters occupy a total of 5,730 square feet. The lease of our headquarter office has a term of three calendar year, from November 1, 2022 to September 29, 2025, with an annual rent cost of \$358,044 for the year ended December 31, 2023.

Our Shenzhen office (the "Shenzhen Office") is located at Room 1215, Xin'nan Block No.2, Yuehai Street, Nanshan District, Shenzhen City, 518000, Guangdong Province, People's Republic of China. The Shenzhen Office has the office space of approximately 195 square meters (approximately 2,099 square feet), an 18-months lease, for an annual base rent of RMB360,000, approximately equal to \$50,841 in 2023. The lease for the Shenzhen Office commenced in June 2022 and shall expire in the end of April 2024. We are seeking to lease a new office in Shenzhen for our China operations and have identified certain office space, with the execution of the lease agreement pending as of the date of this report.

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Our Hong Kong office (the "Hong Kong Office") is located at Office Room 12, Smart-Space FinTech 1, Unit 617 - 620, Level 6, Core E, Cyberport 3, No. 100 Cyberport Road, Hong Kong. The Hong Kong Office has a flexible monthly lease, subject to auto-renewal each month. The rent cost of the Hong Kong Office for the year ended December 31, 2023 was approximately \$6,780.

We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion plans. We believe that our current property rights are sufficient for our current operations.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report on Form 20-F.

Explanatory Note.

We have amended and restated our consolidated statement of cash flows for the financial year ended December 31, 2022, by reclassifying the net cash provided by disposal of digital assets from operating activities to investment activities. Please refer to our consolidated statement of cash flows for the financial year ended December 31, 2022 at page F-12 of this annual report, and Note 2 at page F-15 of this annual report.

A. Operating Results

Overview

In the first half of 2023, we decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform. As of December 31, 2023, our business line included two parts: providing distributed storage and computing services, and business consultation services. At the same time, we are acquiring an investment advisory firm and FINRA licensed broker dealer, and after completing this acquisition, our business line will add two new parts: financial advisory services and securities brokerage services.

Distributed storage and computing services

In August 2021, we added cryptocurrency mining as one of our main businesses going forward. We entered into cryptocurrency mining pools by executing a business contract with a collective mining service provider on October 22, 2021 to provide computing power to the mining pool and derived USD\$664,307 related revenue in 2021 and USD\$783,089 related revenue in the first half of 2022. However, the management did not anticipate the Bitcoin market crash that would begin in December 2021, causing our Bitcoin mining business to suffer a great loss. From May 2022, we have not engaged in any Bitcoin mining business.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure (the "equipment"), including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares. We started using some of the storage capacity of the equipment for Filecoin mining business from December 20, 2022. For the year ended December 31, 2022 and 2023, we earned \$348 and \$ 285,928 respectively in Filecoin mining revenue from physical mining operations. However, due to our lack of sufficient Filecoins to meet the collateral requirements for conducting Filecoin mining business, we have not fully utilized our equipment, while the depreciation of the equipment was based on the expected useful life using the straight-line method, which resulted in depreciation costs far exceeding Filecoin mining revenue in 2023, causing our Filecoin mining business to suffer a great loss.

On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage PTE. LTD. ("Origin Storage"). The Company will use Origin Storage's technology to re package the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage include but are not limited to storage server services, computing encapsulation server services, and technical services. As of April 15, 2024, by adopting the new technology provided by Origin Storage, we have opened two new nodes (replacing the two old nodes we opened in 2023) with an effective storage capacity of 70 PiB, taking up only 7 PiB original storage capacity (the "Raw Byte Power") of our Web3 decentralized storage infrastructure, which means that using the new technology provided by Origin Storage to occupy the same original storage capacity can achieve 10 times the effective storage capacity, and the Company is expected to achieve greater productivity of the cryptocurrency mining business in the future.

Business consultation services

In July 2022, we added consultation services to our business, providing business consulting services to global corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and digital payment business and have been expanding our business into those two sectors, such as building up client base and acquiring the necessary licenses. However, due to resource restraints, we have ceased our development plans in digital payment business, including digital payment services and solution consulting, and applications for the required money transmit licenses since March 2024.

On August 23, 2022, we signed a Consulting Agreement with a Chinese media company, pursuant to which MFH Tech will serve as a business consultant in order to facilitate the client to establish the entity in the United States and make financing strategy, and the agreed amount of the immutable consideration portion of the agreement is \$160,000. We recognized consultation services revenue of \$80,000 for the year ended December 31, 2022 based on the percentage-of-completion. As of June 30, 2023, all the agreed services under the consulting agreement with the Chinese media company signed on August 23, 2022 had been completed, and the Company recognized consultation services revenue of \$80,000 for the first half of 2023 based on the percentage-of-completion.

On August 1, 2023, we signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the next year.

On November 1, 2023, the Company signed a financial consulting agreement with an American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and esteemed third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the next year.

On April 12, 2023, we completed the incorporation of another U.S. subsidiary, Chaince Securities, Inc. ("Chaince Securities"), which plans to develop financial advisory services, online and traditional brokerage services independently in the future. On May 3, 2023, Chaince Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer. The FINRA review procedure for such acquisition is currently still ongoing. As of December 31, 2023, we have not received any income from financial advisory and securities brokerage services as we have not yet obtained relevant financial license.

Key Components of Results of Operations

Revenue

The table below sets forth our Revenue in aggregate and by service type therein for the three years:

	For the year Ended December 31,		
	2023	2022	2021
	US\$	US\$	US\$
Revenue:			
Business consultation services	160,000	80,000	—
Distributed storage and computing services	285,928	783,438	664,307
Technical services	—	—	5,864
Total Revenue	\$ 445,928	\$ 863,438	\$ 670,171

Business consultation services

In July 2022, the new management of the Company fully considered the huge uncertainty caused by the volatility of the cryptocurrency market, and decided to add consultation services as one of our main businesses, providing business consulting services to global corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and have been setting up the foundation for such brokerage services, such as building up client base and acquiring the necessary licenses.

On August 23, 2022, the Company signed a Consulting Agreement with a Chinese media company, pursuant to which the Company will serve as a business consultant in order to facilitate the client to establish its operating entity in the United States and related financing strategy, and the agreed amount of the immutable consideration portion of the agreement is \$160,000. As of December 31, 2022, approximately 50% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$80,000 for the year ended December 31, 2022 based on the percentage-of-completion. As of December 31, 2023, all the agreed services under this agreement have been completed, and the Company recognized consultation services revenue of \$80,000 for the year ended December 31, 2023 based on the percentage-of-completion.

On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the next year. As of December 31, 2023, approximately 40% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$60,000 for the year ended December 31, 2023 based on the percentage-of-completion.

On November 1, 2023, the Company signed a financial consulting agreement with an American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and esteemed third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the next year. As of December 31, 2023, approximately 40% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$20,000 for the year ended December 31, 2023 based on the percentage-of-completion.

Distributed storage and computing services

The Company's distributed storage and computing services business includes cryptocurrency mining and cloud storage services for other decentralized platform operators.

From October 2021 to April 2022, the Company obtained the usage rights of a certain number and specific models of Bitcoin mining machines and specific business premises by executing contracts with the sharing mining service provider, and registered as users on the mining pool website, complying with the general terms and conditions required to join the mining pool published on the mining pool website, to increase computing power to the mining pool. In exchange for providing computing power, the Company was entitled to a fractional share of the fixed digital asset awards the mining pool operator receives, for successfully adding blocks to the blockchain. The Company's fractional share was relative to the proportion of computing power the Company contributed to the mining pool operator toward the total computing power contributed by all mining pool participants in solving the current algorithm. Providing computing power in digital asset transaction verification services was an output of the Company's ordinary activities. The provision of such computing power was the only performance obligation in the general terms of the mining pool website. The transaction consideration the Company received, if any, was noncash consideration, which the Company measured at fair value on the date received, which was not materially different than the fair value at contract inception or the time the Company had earned the award from the pools. These considerations were all variable. Since significant reversals of cumulative revenue were possible given the nature of the assets, the consideration was constrained until the mining pool operator successfully places a block (by being the first to solve an algorithm) and the Company received confirmation of the consideration it would receive, at which time revenue was recognized. There was no significant financing component related to these transactions. Fair value of the digital assets award received was determined using the quoted price of the related digital assets at the time of receipt. The Company earned \$783,090 in Bitcoin mining revenue from shared mining operations for the year ended December 31, 2022, and \$664,307 for the year ended December 31, 2021. Due to the sharp fluctuations in the price of Bitcoin over the past two years, from May 2022 to the end of 2023, the Company did not carry out any business related to Bitcoin mining. Going forward, we currently have no plan to continue our Bitcoin mining operation.

On December 15, 2022, the Company entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5.98 million, payable in the Company's ordinary shares. Starting on December 20, 2022, the Company uses some of the storage capacity of these devices for Filecoin mining business, and other storage capacity will be used to provide cloud storage services to distributed application product operators. The Company has rented the Filecoin mining operating premises located in New Jersey, United States from Cologix US, Inc. and the Company has entered into the Filecoin mainnet as a miner by registering as a user on the Filecoin mainnet, complying with the general terms and conditions required to become a miner published on the Filecoin mainnet. The essence of Filecoin mining business is that the Company utilizes its Web3 decentralized storage infrastructure and provide cloud storage services to the end customers through the Filecoin mainnet. In exchange for providing storage capacity, the Company is entitled to a fractional share of the fixed digital asset awards from the Filecoin mainnet, for successfully adding blocks to the blockchain. The Company's fractional share is relative to the proportion of storage capacity we contribute to Filecoin mainnet toward the total storage capacity contributed by all the Filecoin mainnet's participants in

solving the current algorithm. Providing storage capacity in digital asset transaction verification services is an output of the Company's ordinary activities. The provision of such storage capacity is the only performance obligation in the general terms of the Filecoin mainnet. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the Filecoin mainnet. These considerations are all variable. Since significant reversals of cumulative revenue are possible given the nature of the assets, the consideration is constrained until the all the miners successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component related to these transactions. Fair value of the digital assets award received is determined using the quoted price of the related digital assets at the time of receipt. For the year ended December 31, 2022 and 2023, we earned \$348 and \$285,928 respectively in Filecoin mining revenue from physical mining operations, and did not receive any revenue from providing cloud storage services to decentralized platform operators.

On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage PTE. LTD. ("Origin Storage"). The Company will use Origin Storage's technology to repackage the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage include but are not limited to storage server services, computing encapsulation server services, and technical services. Through Origin Storage's new technology in the Filecoin mining field, the Company is expected to improve the output efficiency of the Filecoin mining business.

Technical services

From April to June 2023, our management reassessed the potential adverse effects of changes in the Company's business environment, and readjusted the Company's business structure and the future development plan. Considering the enormous uncertainty brought by the cryptocurrency market turmoil in the past two years to the blockchain industry, as well as the regulatory uncertainties, despite our ability to quickly reorganize the blockchain technical service team, we have decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform.

Due to the dismantling of the VIEs and the cessation of all business related to the digital asset transaction platforms, as well as the temporary difficulties brought to us by the incident that our cryptocurrencies were out of control, the original Chinese technical team left in the first half of 2022 and we failed to rebuild the technical service team in the second half of 2022. As a result, our blockchain technical services business did not generate any revenue in 2022 and 2023.

Due to the change of the management and technical team in 2021, the original business contract discontinued, resulting in the blockchain technical services revenue of only \$128,207 for the year ended December 31, 2021, of which \$122,343 revenue generated by the VIE entities subject to divestment is shown as Loss/income from discontinued operations in the consolidated income statement, and \$5,864 is shown as Revenue in the consolidated income statement.

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Cost of Revenue

The table below sets forth our cost of Revenue in aggregate and by service type therein for the three years:

	For the year Ended December 31,		
	2023	2022	2021
	US\$	US\$	US\$
Cost of Revenue:			
Business consultation services	(138,092)	(19,000)	—
Distributed storage and computing services	(1,286,220)	(1,361,600)	(702,679)
Technical services	—	—	—
Total cost of Revenue	\$ (1,424,312)	\$ (1,380,600)	\$ (702,679)

Business consultation services

In 2023, the Company only implemented two business consultation projects. The direct costs of the Company's business consultation services included office space expenses, team salaries, travel expenses, printing fees, and the fees required to acquire clients. The cost of consultation services was recognized in the amount of \$19,000 and \$138,092 respectively for the year ended December 31, 2022 and 2023.

Distributed storage and computing services

a) Bitcoin mining

The cost of the Bitcoin shared mining operation includes the rental fee of the mining machine and the mine site, electricity and other possible operation and maintenance expenses. There were no Bitcoin mining operations in the year ended December 31, 2023. The cost of Bitcoin shared mining operations was recognized in the year ended December 31, 2022 in the amount of \$1,291,784, including \$1,036,741 for mining machines and mine leases and \$255,043 for electricity. The cost of Bitcoin shared mining operations was recognized in the year ended December 31, 2021 in the amount of \$702,679, including \$563,955 for mining machines and mine leases and \$138,724 for electricity.

The Company carried out Bitcoin mining from October 2021 to April 2022. The Company's computing power during this period was 35,000TH/s, the average daily output during this period was 0.17011136 BTC, and the revenue per unit of computing power was 0.000004860 BTC/TH/day. For this Bitcoin mining business, the Company essentially leased the Bitcoin mining machines instead of owning them, while the cost of renting the mining machines proved to be very high. The average daily operating cost (including the cost of renting the mining machines) of the Company's Bitcoin mining was \$110,80.51, so the Company would not make a profit until the average price of Bitcoin exceeds \$65,137. However, back in October 2021, the management did not anticipate the Bitcoin market crash that would begin in December 2021. In December 2021, the price of Bitcoin suddenly plummeted from the price range of \$60,000 per coin and during 2022 and 2023 such price lingered around the range of \$15,000 to \$49,000, causing our Bitcoin mining business to suffer a great loss. Due to the sharp fluctuations in the price of Bitcoin over the past two years, from May 2022 to the end of 2023, we did not carry out any business related to Bitcoin mining. Going forward, we currently have no plans to resume Bitcoin mining business.

b) Filecoin mining

The cost of the Filecoin physical mining operation includes mining machine depreciation costs, mine site lease costs (including electricity), direct labor costs and software licensing costs. The cost of Filecoin physical mining operations was recognized in the year ended December 31, 2023 in the amount of \$1,286,220, including mining machine depreciation costs of \$897,435, mine lease costs (including electricity) of \$291,347, direct labor costs of \$4,000, and software licensing costs of \$93,438. The cost of Filecoin physical mining operations was recognized in the year ended December 31, 2022 in the amount of \$69,816, including mining machine depreciation costs of \$28,950, mine lease costs (including electricity) of \$22,075, direct labor costs of \$4,000, and software licensing costs of \$14,791.

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The Company carried out Filecoin mining business from December 2022. As of December 31, 2023, the Company has opened two nodes on the Filecoin blockchain with the

total effective storage capacity of 19.04PiB. The operating costs of Filecoin mining business currently include depreciation costs of equipment, site fees, electricity fees, network fees and software deployment costs. Due to the fact that the number of nodes in the Company's Filecoin mining business and the storage capacity of each node have not yet reached the set maximum level, the Company still receives relatively few Filecoin rewards, and the corresponding revenue recognized by the Company is also relatively low. However, the Web3 decentralized storage infrastructure used by the Company for Filecoin mining are depreciated based on the expected useful life using the straight-line method, which resulted in depreciation costs far exceeding Filecoin mining revenue in 2023.

Technical services

We did not generate any blockchain technical services revenue in 2022 and 2023, nor did we incur any technical services costs.

Our cost of blockchain technical services revenue consist of the payroll of technical personnel. Our cost of blockchain technical services Revenue was \$nil in the consolidated income statement for the year ended December 31, 2021.

Operating Expenses

The table below sets forth our operating expenses from continuing operations for the three years:

	For the year Ended December 31,		
	2023	2022	2021
Operating expenses:			
Sales and marketing	(449,900)	(35,000)	—
General and administrative	(2,515,291)	(2,156,063)	(10,351,357)
Provision for doubtful accounts	—	(3,138)	(1,750,909)
(Loss)/income on disposal of intangible assets	—	(29,968)	121,020
Impairment loss of property and equipment	(307,733)	—	—
Impairment loss of intangible assets	(4,248,085)	(3,144,053)	(1,292,568)
Total operating expenses	\$ (7,521,009)	\$ (5,368,222)	\$ (13,273,814)

Our operating expenses consist of sales and marketing expenses, general and administrative expenses, provision for doubtful accounts, (loss)/income on disposal of intangible assets and impairment loss of intangible assets. Our total operating expenses were \$7,521,009, \$5,368,222 and \$13,273,814 for the year ended December 31, 2023, 2022 and 2021.

Sales and marketing expenses

On January 13, 2023, the Company's US subsidiary MFH Tech signed a Consulting Agreement with Dato Ai Technology Corporation ("Dato"), pursuant to which Dato will provide sales and marketing services as an independent contractor in order to search for and identify potential clients of the Company's business consultation services. In 2023, MFH Tech paid Dato \$250,000 as the consulting fees.

On June 12, 2023, the Company's US subsidiary MFH Tech signed a Referral Agreement with Global Innovation Wisdom Consultant, Inc (the "Global Innovation Wisdom"), pursuant to which Global Innovation Wisdom will use its best efforts to introduce a bank to MFH Tech, and MFH Tech intended to carry out digital banking services by acquiring this bank. MFH Tech paid Global Innovation Wisdom \$100,000 as consulting fees in 2023, although MFH Tech did not ultimately complete the acquisition of the bank.

On August 23, 2022, our US subsidiary MFH Tech signed a Consulting Agreement with a Chinese media company, pursuant to which MFH Tech will serve as an independent contractor in order to facilitate the Client to conduct its initial public offering. We paid \$35,000 to the client's referral agent and we recognized it as sales and marketing expenses in the consolidated statements of operations for the year ended December 31, 2022.

On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. We totally paid \$85,000 to the client's referral agent in 2023 and we recognized it as sales and marketing expenses in the consolidated statements of operations for the year ended December 31, 2023.

In addition, other marketing fees of \$2,400 were recognized for MFH Tech's business promotion for 2023.

The definition of our main business has undergone some restructuring in recent years, and as it becomes more well-defined, and as current structural business investments mature and begin to yield revenue, we have plans to steadily increase our marketing and promotional investment and efforts.

General and administrative expenses

Our general and administrative expenses consist primarily of (i) salaries and benefits for employees, which are the salaries and benefits for our management, merchant service representatives and general administrative staff, (ii) office expenses, which consist primarily of office rental, maintenance and utilities expenses, depreciation of office equipment and other office expenses, and (iii) professional expenses, which consist primarily of legal expense and audit fees.

Our general and administrative expenses were \$2,515,291 for the year ended December 31, 2023, compared to \$2,156,063 and \$10,351,357 in the same period of 2022 and 2021.

General and administrative expenses for 2023 consisted primarily of \$549,042 in employment costs, \$1,271,174 in professional fees, and \$695,076 in other office expenses.

We restructured the board of directors in May 2022 and again in October 2022, and our management had undergone significant changes. The total salaries and benefits for employees for 2022 are \$1,374,839, with \$816,444 paid in cash and \$558,395 in stock. The total professional expenses for 2022 are \$581,557, including \$367,524 legal expenses. The total other office expenses are \$199,667.

In 2021, due to the changes in our core management and business teams, many employees participating in our stock incentive plan were allowed to accelerate the vesting of their shares that have not yet reached the vesting period. Combined with the impact of the implementation of the additional stock incentive plan in 2021, our stock incentive expenses recognized in 2021 were \$8,349,862. In addition, as a result of these changes, our professional expenses such as lawyers and financial consultants were \$1,156,125 in 2021. The total general and administrative expenses of 2021 were \$10,351,357.

While our operating expenses currently remain relatively low, we expect, as our recent investments in future business lines capture increasing revenues, to apply major reinvestments into the operations of all of our promising current investments and core business including R&D, hiring expert staff, and efforts to support the further global expansion of our business.

Provision for doubtful accounts

Our losses from provision for doubtful accounts for 2022 were all due to other receivables that could not be collected.

Due to the changes of our management and business team in the second half of 2021, we failed to collect the blockchain technical services receivable \$1,092,208 from BGA FOUNDATION LTD and \$54,923 from Beijing Qichi Trading Ltd. in a timely manner. Our consolidated statements of operations for the year ended December 31, 2021 includes a full provision for doubtful accounts from the above accounts receivable.

(Loss)/income on disposal of intangible assets

In January 2022, we sold 1,000,000 USD Coins to finance our daily operations and generated a loss of \$29,968.

In October 2021, we sold 10 Bitcoins to finance our daily operations and generated an income of \$121,001. We sold other cryptocurrencies and generated an income of \$19 in 2021.

Impairment loss of property and equipment

During 2023, approximately 20 machines of the Web3 decentralized storage infrastructure experienced severe malfunctions that prevented them from continuing operations. The Company scrapped the machines and recognized an impairment loss of \$307,734 for the year ended December 31, 2023.

Impairment loss of intangible assets

Due to the price crash of Bitcoin in 2022, we, out of caution, decided to change the impairment test method of Bitcoin and other cryptocurrencies from testing once or twice a year by calculating the fair value based on the average daily closing price of the past 12 months to testing every day by calculating the fair value based on the intraday low price. Because the intraday low price of cryptocurrencies to be utilized in calculating impairment of our cryptocurrencies held as that metric is the most accurate indicator of whether it is more likely than not that the asset is impaired.

We estimated the fair values of the Filecoins based on the intraday low price of the Coinbase platform every day and recognized \$303,276 impairment loss of Filecoins for the year ended December 31, 2023.

As of December 31, 2023, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, with the amount of \$3,944,809, to eliminate the potential significant uncertainty on the financial statements.

We estimated the fair values of the cryptocurrencies based on the intraday low price every day and recognized \$3,144,053 impairment loss for the year ended December 31, 2022, including \$3,111,232 impairment loss of Bitcoins, \$26,957 impairment loss of Filecoins and \$5,864 impairment loss of Tether USDs. We wrote off the original value of the \$5,864 cryptocurrencies and the \$5,864 impairment in 2022 due to the platform where the wallet of the \$5,864 cryptocurrencies was stored had gone out of business, we had been no longer able to withdraw the cryptocurrencies as of December 31, 2022.

As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

We estimated the fair values of the cryptocurrencies based on the intraday low price every day and recognized \$1,292,568 impairment loss for the year ended December 31, 2021, including \$908,453 impairment loss of Bitcoins, \$11,120 impairment loss of USD Coins and \$372,995 impairment loss of FFcoins and other cryptocurrencies. We wrote off the original value of the \$1,208,339 FFcoins and other cryptocurrencies and the \$1,208,339 impairment in 2021 due to the FFcoin platform had gone out of business, these FFcoins and other cryptocurrencies no longer had any market value as of December 31, 2021.

Interest (expenses)/income, net

Our interest (expenses)/income, net consists primarily of: 1) the interest income from cash and short-term deposits with banks, providing loans to external parties; 2) the interest expenses for our Convertible Promissory Note, and Filecoin borrowed as initial pledge for Filecoin mining business.

The table below sets forth our interest (expenses)/income, net for the year ended December 31, 2023, 2022 and 2021:

	For the year Ended December 31,		
	2023	2022	2021
Interest (expenses)/income, net:			
Convertible note interest expenses (i)	(410,548)	—	—
Interest income from cash and short-term deposits	214,482	5,118	1,083
Interest expenses for Filecoin borrowed as initial pledge	(12,583)	—	—
Interest income from providing loans to external parties	12,594	—	—
Interest (expenses)/income, net	\$ (196,055)	\$ 5,118	\$ 1,083

(i) Convertible note interest expenses

The Company entered into a Securities Purchase Agreement ("SPA") with a non-U.S. investor (the "Purchaser"). Pursuant to the SPA dated January 31, 2023, the Company issued the Purchaser an Unsecured Convertible Promissory Note (the "Note") with a face value of \$9 million (the "Proceeds") upon receiving the Proceeds from the Purchaser on February 2, 2023. The Note shall bear non-compounding interest at a rate per annum equal to 5% from the date of issuance until repayment of the Note unless the Purchaser elects to convert the Note into ordinary shares. If the Purchaser does not elect to convert the Note, then the outstanding principal amount and all accrued but unpaid interest on the Note shall be due and payable upon the one-year anniversary of the Issuance Date of the Note (the "Maturity Date"). For the year ended December 31, 2023, the Company recognized \$410,548 interest expenses for the Note.

The Purchaser has the right to convert the outstanding balance (excluding any and all accrued but unpaid interest on the Note as of the date of such notice) under the Note into the Company's ordinary shares (the "Conversion Shares") at a per share price equal to \$0.00172, (70% of the average closing price of the American Depositary Receipts divided by 360 during the 30-consecutive trading day period immediately preceding the date of the Securities Purchase Agreement, equivalent to \$0.688 per ordinary share after the share consolidation effected on February 28, 2023) according to the terms and conditions of the Note. Prior to repayment of the Note, the Holder may, in its sole discretion, elect to

convert this Note during two select periods before the Maturity Date, including the fifteen days period preceding the calendar date six months after the date of issuance of the Note (the "First Election Period"), as well as the fifteen days period preceding the Maturity Date (the "Second Election Period").

Pursuant to the Accounting Standards Update 2020-06, for convertible instruments, the instruments primarily affected are those issued with beneficial conversion features or cash conversion features because the accounting models for those specific features are removed. However, all entities that issue convertible instruments are affected by the amendments to the disclosure requirements in this Update. Under the amendments in Accounting Standards Update 2020-06, the embedded conversion features no longer are separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and a convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives. Therefore, when the Company received the convertible note financing of \$9 million, we recognized the debt (note payable) of \$9 million based on the principal and calculated interest according to the coupon interest agreed upon in the contract.

Financing costs

The table below sets forth our financing costs recognized in current expenses for the six months ended 2022 and 2023:

	For the year Ended December 31,		
	2023	2022	2021
Financing costs:			
Financial advisory fees for Unsecured Convertible Promissory Note	(450,000)	—	—
Total financing costs	\$ (450,000)	\$ —	\$ —

In February 2023, according to the agreement with the financial advisor for the Company's Unsecured Convertible Promissory Note with a financing amount of \$9 million, the Company paid a financial advisor fee of 5% of the financing amount to the financial advisor in 2023. No related costs occurred in the year ended December 31, 2022 and 2021.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. These financial statements are prepared in accordance with U.S. GAAP, which requires the Company to make estimates and assumptions that affect the reported amounts of our assets and liabilities and revenues and expenses, to disclose contingent assets and liabilities on the dates of the consolidated financial statements, and to disclose the reported amounts of revenues and expenses incurred during the financial reporting periods. The most significant estimates and assumptions include the valuation of digital assets and other current assets, useful lives of property and equipment, the recoverability of long-lived assets, provision necessary for realization of deferred tax assets. We continue to evaluate these estimates and assumptions that we believe to be reasonable under the circumstances. We rely on these evaluations as the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates as a result of changes in our estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We believe critical accounting policies as disclosed in this release reflect the more significant judgments and estimates used in preparation of our consolidated financial statements.

Recently Issued and Adopted Accounting Pronouncements

The Company has evaluated all other recently issued accounting pronouncements and believes such pronouncements do not have a material effect on the Company's financial statements. See Note 3 of the consolidated financial statements as of December 31, 2023.

Results of Operations

Results of Operations for the Year Ended December 31, 2023 and 2022

The following table summarizes the results of our operations during the years ended December 31, 2023 and 2022, respectively, and provides information regarding the dollar increase or (decrease) during period.

	For the year Ended December 31,		Variance in
	2023	2022	Amount
	(US\$, except share and share related data)		
Revenue	\$ 445,928	\$ 863,438	\$ (417,510)
Business consultation services	160,000	80,000	80,000
Distributed storage and computing services	285,928	783,438	(497,510)
Technical services	—	—	—
Cost of Revenue	\$ (1,424,312)	\$ (1,380,600)	\$ (43,712)
Business consultation services	(138,092)	(19,000)	(119,092)
Distributed storage and computing services	(1,286,220)	(1,361,600)	75,380
Technical services	—	—	—
Gross profit	\$ (978,384)	\$ (517,162)	\$ (461,222)
Sales and marketing	(449,900)	(35,000)	(414,900)
General and administrative	(2,515,291)	(2,156,063)	(359,228)
Provision for doubtful accounts	—	(3,138)	3,138
(Loss)/income on disposal of intangible assets	—	(29,968)	29,968
Impairment loss of property and equipment	(307,733)	—	(307,733)
Impairment loss of intangible assets	(4,248,085)	(3,144,053)	(1,104,032)
Operating loss from continuing operations	\$ (8,499,393)	\$ (5,885,384)	\$ (2,614,009)
Interest (expenses)/income, net	(196,055)	5,118	(201,173)
Financing costs	(450,000)	—	(450,000)
Other (expenses)/income, net	2,379	1,248	1,131
Loss on market price of short-term investment	(226,210)	—	(226,210)
Loss from selling short-term investments	(78,693)	—	(78,693)
Loss from disposal of subsidiaries	—	(4,664)	4,664
Loss before provision for income taxes	\$ (9,447,972)	\$ (5,883,682)	\$ (3,564,290)
Income tax benefits	90,776	248,711	(157,935)
Loss from continuing operations	\$ (9,357,196)	\$ (5,634,971)	\$ (3,722,225)
Loss from discontinued operations	—	—	—

Net loss	\$	(9,357,196)	\$	(5,634,971)	\$	(3,722,225)
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Revenue

We generate revenues from business consultation services and distributed storage and computing services.

We generated total revenue on a consolidated basis in the amounts of \$445,928 for the year ended December 31, 2023, and \$863,438 for the year ended December 31, 2022.

Our revenues from business consultation services increased by \$80,000, or 100%, to \$160,000 for the year ended December 31, 2023 from \$80,000 for the year ended December 31, 2022. This growth is mainly due to an increase in the number of our business consultation service clients for the year ended December 31, 2023.

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Our revenues from distributed storage and computing services, or cryptocurrency mining business decreased by \$497,510, or 63.5%, to \$285,928 for the year ended December 31, 2023 from \$783,438 for the year ended December 31, 2022. This decrease is mainly due to changes in the type of our cryptocurrency mining business for the year ended December 31, 2023. Our revenue for 2023 mainly came from the Filecoin physical mining business, which is relatively small in scale as of December 31, 2023, while our revenue for 2022 mainly came from the Bitcoin shared mining business in the first four months of 2022.

Cost of Revenue

We generated total cost of revenue on a consolidated basis in the amounts of \$1,424,312 for the year ended December 31, 2023, and \$1,380,600 for the year ended December 31, 2022.

The direct costs of the Company's business consultation services included office space expenses, team salaries, travel expenses, printing fees, and the fees required to acquire clients. Our cost of revenues from business consultation services increased by \$119,092, or 626.8%, to \$138,092 for the year ended December 31, 2023 from \$19,000 for the year ended December 31, 2022. This growth is mainly due to an increase in the number of our business consultation service clients and a significant increase in the number of personnel and labor costs for the year ended December 31, 2023.

The cost of the Filecoin physical mining operation includes mining machine depreciation costs, mine site lease costs (including electricity), direct labor costs and software licensing costs. The cost of Filecoin physical mining operations was recognized in the year ended December 31, 2023 in the amount of \$1,286,220, including mining machine depreciation costs of \$897,435, mine lease costs (including electricity) of \$291,347, direct labor costs of \$4,000, and software licensing costs of \$93,438. The cost of Filecoin physical mining operations was recognized in 2022 in the amount of \$69,816, including mining machine depreciation costs of \$28,950, mine lease costs (including electricity) of \$22,075, direct labor costs of \$4,000, and software licensing costs of \$14,791.

The cost of the Bitcoin shared mining operation includes the rental fee of the mining machine and the mine site, electricity and other possible operation and maintenance expenses. The cost of Bitcoin shared mining operations was recognized in 2022 in the amount of \$1,291,784, including \$1,036,741 for mining machines and mine leases and \$255,043 for electricity.

Operating expenses

Our operating expenses consist of sales and marketing expenses, general and administrative expenses, provision for doubtful accounts, (loss)/income on disposal of intangible assets and impairment loss of intangible assets. Our total operating expenses were \$7,521,009 and \$5,368,222 for the year ended December 31, 2023 and 2022.

Our sales and marketing expenses increased by \$414,900, or 1,185.4%, to \$449,900 for the year ended December 31, 2023 from \$35,000 for the year ended December 31, 2022. This growth is mainly due to an increase in the consulting and referral fees to search for and identify potential clients of our business consultation services, the referral fees to acquire a bank for digital banking business (although we did not ultimately complete the acquisition of the bank), and some business promotion expenses.

Our general and administrative expenses consist primarily of (i) salaries and benefits for employees, which are the salaries and benefits for our management, merchant service representatives and general administrative staff, (ii) office expenses, which consist primarily of office rental, maintenance and utilities expenses, depreciation of office equipment and other office expenses, and (iii) professional expenses, which consist primarily of legal expense and audit fees. Our general and administrative expenses increased by \$359,228, or 16.7%, to \$2,515,291 for the year ended December 31, 2023 from \$2,156,063 for the year ended December 31, 2022. Our general and administrative expenses for 2023 consisted primarily of \$549,042 in employment costs, \$1,271,174 in professional fees, and \$695,076 in other office expenses. The total salaries and benefits for employees for 2022 are \$1,374,839, with \$816,444 paid in cash and \$558,395 in stock. The total professional expenses for 2022 are \$581,557, including \$367,524 legal expenses. The total other office expenses are \$199,667.

No losses from provision for doubtful accounts were recognized for 2023. Our losses from provision for doubtful accounts for 2022 were all due to other receivables that could not be collected.

No loss or income on disposal of intangible assets occurred in 2023. In January 2022, we sold 1,000,000 USD Coins to finance our daily operations and generated a loss of \$29,968 in 2022.

During 2023, approximately 20 machines of the Web3 decentralized storage infrastructure experienced severe malfunctions that prevented them from continuing operations. We scrapped the machines and recognized an impairment loss of property and equipment of \$307,734 for the year ended December 31, 2023. No impairment loss of property and equipment was recognized for the year ended December 31, 2022.

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We estimated the fair values of the Filecoins based on the intraday low price of the Coinbase platform every day and recognized \$303,276 impairment loss of Filecoins for the year ended December 31, 2023. As of December 31, 2023, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, with the amount of \$3,944,809, to eliminate the potential significant uncertainty on the financial statements.

We estimated the fair values of the cryptocurrencies based on the intraday low price every day and recognized \$3,144,053 impairment loss for the year ended December 31, 2022, including \$3,111,232 impairment loss of Bitcoins, \$26,957 impairment loss of Filecoins and \$5,864 impairment loss of Tether USDs. We wrote off the original value of the \$5,864 cryptocurrencies and the \$5,864 impairment in 2022 due to the platform where the wallet of the \$5,864 cryptocurrencies was stored had gone out of business, we had been no longer able to withdraw the cryptocurrencies as of December 31, 2022. As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

Interest (expenses)/income, net

Our interest (expenses)/income, net consists primarily of: 1) the interest income from cash and short-term deposits with banks, providing loans to external parties; 2) the interest expenses for our Convertible Promissory Note, and Filecoin borrowed as initial pledge for Filecoin mining business.

The table below sets forth our interest (expenses)/income, net for the year ended December 31, 2023 and 2022:

	For the year Ended December 31,	
	2023	2022
Interest (expenses)/income, net:		
Convertible note interest expenses	(410,548)	—
Interest income from cash and short-term deposits	214,482	5,118
Interest expenses for Filecoin borrowed as initial pledge	(12,583)	—
Interest income from providing loans to external parties	12,594	—
Interest (expenses)/income, net	\$ 196,055	\$ 5,118

Other (expenses)/income, net

Other income consists primarily of the gain generated from the government subsidies, rewards from banks. Other expenses consists primarily of the tax penalties. We recognized other (expenses)/income, net of \$2,379 in 2023 and \$1,248 in 2022.

Loss on market price of short-term investment

The loss on market price of short-term investment of \$226,210 for the year ended December 31, 2023 consists primarily of the loss on the market price changes of the ETFs held by the Company as of December 31, 2023. No related gains or losses occurred in the year ended December 31, 2022.

Loss from selling short-term investments

The loss from selling short-term investments of \$78,693 for the year ended December 31, 2023 consists primarily of the loss from selling common stocks held by the Company during the same period. No related gains or losses occurred in the year ended December 31, 2022.

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Loss from disposal of subsidiaries

No loss or income from disposal of subsidiaries occurred in 2023. Due to the extremely adverse regulatory measures taken by the Chinese government in 2021 in the field of digital currency production and transaction, the Company's board of Directors decided on December 10, 2021 to divest the Chinese companies of the related business controlled through VIE agreements, and the divestiture was completed on January 15, 2022. The financial statements of the Company for the year ended December 31, 2022 recognized the loss from disposal of VIEs as \$4,664.

Income tax expense/(benefits)

The reconciliations of tax computed by applying the statutory income tax rate of 21% applicable to the US operation, 16.5% applicable to the Hong Kong operation, and 25% applicable to the PRC operation to income tax benefit from continuing operations for the year ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023				
	US\$ US (MFH Tech)	US\$ US (Chaince)	US\$ Hong Kong	US\$ PRC	US\$ Consolidated
Loss before income taxes	(2,662,392)	(45,346)	(496,006)	(121,212)	(2,837,327)
Income tax computed at applicable tax rates	(559,102)	(9,522)	(81,841)	(30,303)	(680,768)
Current losses unrecognized deferred income tax	559,102	—	—	30,303	589,405
Prior income tax expense recognized in current period	587	—	—	—	587
Income tax expenses/(benefits)	587	(9,522)	(81,841)	—	(90,776)

	For the year ended December 31, 2022			
	US\$ US	US\$ Hong Kong	US\$ PRC	US\$ Consolidated
Income/(Loss) before income taxes	8,776	(1,317,169)	(177,053)	(1,485,445)
Income tax computed at applicable tax rates	1,843	(217,333)	(44,263)	(259,753)
Effect of different tax rates in different jurisdictions	451	—	—	451
Non-deductible expenses	—	—	785	785
Current losses unrecognized deferred income tax	—	—	43,478	43,478
Prior losses recognized deferred income tax in current period	—	(33,672)	—	(33,672)
Income tax expenses/(benefits)	2,294	(251,005)	—	(248,711)

Net loss

Our net loss was \$9,357,196 for the year ended December 31, 2023 compared to \$5,634,971 for the year ended December 31, 2022. Among them, our loss from continuing operations was \$9,357,196 for the year ended December 31, 2023 compared to \$5,634,971 for the year ended December 31, 2022.

Results of Operations for the Year Ended December 31, 2022 and 2021

The following table summarizes the results of our operations during the years ended December 31, 2022 and 2021, respectively, and provides information regarding the dollar increase or (decrease) during period.

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For the year Ended December 31,

Variance in

	2022	2021	Amount
	(US\$, except share and share related data)		
Revenue	\$ 863,438	\$ 670,171	\$ 193,267
Business consultation services	80,000	—	80,000
Distributed storage and computing services	783,438	664,307	119,131
Technical services	—	5,864	(5,864)
Cost of Revenue	\$ (1,380,600)	\$ (702,679)	\$ (677,921)
Business consultation services	(19,000)	—	(19,000)
Distributed storage and computing services	(1,361,600)	(702,679)	(658,921)
Technical services	—	—	—
Gross profit	\$ (517,162)	\$ (32,508)	\$ (484,654)
Sales and marketing	(35,000)	—	(35,000)
General and administrative	(2,156,063)	(10,351,357)	8,195,294
Provision for doubtful accounts	(3,138)	(1,750,909)	1,747,771
(Loss)/income on disposal of intangible assets	(29,968)	121,020	(150,988)
Impairment loss of intangible assets	(3,144,053)	(1,292,568)	(1,851,485)
Impairment loss of goodwill	—	—	—
Operating loss from continuing operations	\$ (5,885,384)	\$ (13,306,322)	\$ 7,420,938
Interest income, net	5,118	1,083	4,035
Financing costs	—	—	—
Other(expenses)/income, net	1,248	(143)	1,391
Loss on market price of short-term investment	—	—	—
Loss from selling short-term investments	—	—	—
Loss from disposal of subsidiaries	(4,664)	—	(4,664)
Loss before provision for income taxes	\$ (5,883,682)	\$ (13,305,382)	\$ 7,421,700
Income tax benefits	248,711	—	248,711
Loss from continuing operations	\$ (5,634,971)	\$ (13,305,382)	\$ 7,670,411
Loss from discontinued operations	—	(8,360,322)	8,360,322
Net loss	\$ (5,634,971)	\$ (21,665,704)	\$ 16,030,733

Revenue

We generated total revenue on a consolidated basis in the amounts of \$863,438 for the year ended December 31, 2022, and \$670,171 for the year ended December 31, 2021.

Due to the dismantling of the VIEs and the cessation of all business related to the digital asset transaction platforms, as well as the temporary difficulties brought to us by the incident that our cryptocurrencies were out of control, the original Chinese technical team also left in the first half of 2022, and we failed to rebuild the technical service team in the second half of 2022. As a result, our blockchain technical services business did not generate any revenue in 2022. We earned 18,864,912,222 Bitcoins from participation in Bitcoin shared mining and recognized revenue of \$783,090 based on the daily market price at the time the Bitcoins were acquired in 2022, and we earned 115,49 Filecoins from participation in Filecoin physical mining and recognized revenue of \$348 based on the daily market price at the time the Bitcoins were acquired in 2022. We signed a Consulting Agreement with a Chinese customer and we serve as an independent contractor in order to facilitate the client to conduct its initial public offering, and derived \$80,000 related revenue in 2022.

Due to the change of the management and business team in 2021, the original business contract was discontinued, resulting in the blockchain technical services revenue of only \$128,207 for the year ended December 31, 2021, of which \$122,343 revenue generated by the VIE entities subject to divestment is shown as Loss/income from discontinued operations in the consolidated income statement, and \$5,864 is shown as Revenue in the consolidated income statement. We earned 11,755,133,445 Bitcoins through our participation in Bitcoin shared mining and recognized revenue of \$664,307 based on the daily market price at the time the Bitcoins were acquired for the year ended December 31, 2021.

Cost of Revenue

We generated total cost of Revenue on a consolidated basis in the amounts of \$1,380,600 for the year ended December 31, 2022, and \$702,679 for the year ended December 31, 2021.

We did not generate any blockchain technical services revenue in 2022, nor did we incur any technical services costs. The cost of the Bitcoin shared mining operation includes the rental fee of the mining machine and the mine site, electricity and other possible operation and maintenance expenses. The cost of Bitcoin shared mining operations was recognized in 2022 in the amount of \$1,291,784, including \$1,036,741 for mining machines and mine leases and \$255,043 for electricity. The cost of the Filecoin physical mining operation includes mining machine depreciation costs, mine site lease costs (including electricity), direct labor costs and software licensing costs. The cost of Filecoin physical mining operations was recognized in 2022 in the amount of \$69,816, including mining machine depreciation costs of \$28,950, mine lease costs (including electricity) of \$22,075, direct labor costs of \$4,000, and software licensing costs of \$14,791. The cost of consultation services consists primarily of payroll of the consultation project team. We generated \$19,000 of the cost of consultation services in 2022.

Our cost of blockchain technical services Revenue currently consists of the payroll of technical personnel. Our cost of blockchain technical services Revenue was \$nil in the consolidated income statement for the year ended December 31, 2021. In addition, \$41,537 cost of blockchain technical services Revenue for the year ended December 31, 2021 generated by the VIE entities subject to divestment is shown as Loss/income from discontinued operations in the consolidated income statement. The cost of the Bitcoin shared mining operation includes the rental fee of the mining machine and the mine site, electricity and other possible operation and maintenance expenses. The cost of Bitcoin shared mining operations was recognized in 2021 in the amount of \$702,679, including \$563,955 for mining machines and mine leases and \$138,724 for electricity.

Operating expenses

Our operating expenses consist of sales and marketing expenses, general and administrative expenses, provision for doubtful accounts, (loss)/income on disposal of intangible assets and impairment loss of intangible assets. Our total operating expenses were \$13,273,814 and \$5,368,222 for the year ended December 31, 2021 and 2022.

We paid \$35,000 to a client's referral agent for our consultation services business and we recognized it as sales and marketing expenses in the consolidated statements of operations for the year ended December 31, 2022. We did not generate any sales and marketing expenses directly for our main business in 2021.

Our general and administrative expenses consist primarily of (i) salaries and benefits for employees, which are the salaries and benefits for our management, merchant service representatives and general administrative staff, (ii) office expenses, which consist primarily of office rental, maintenance and utilities expenses, depreciation of office equipment and other office expenses, and (iii) professional expenses, which consist primarily of legal expense and audit fees.

We restructured the board of directors in May 2022 and again in October 2022, and our management had undergone significant changes. The total salaries and benefits for employees for 2022 are \$1,374,839, with \$816,444 paid in cash and \$558,395 in stock. The total professional expenses for 2022 are \$581,557, including \$367,524 legal expenses. The total other office expenses are \$199,667. In 2021, due to the changes in our core management and business teams, many employees participating in our stock incentive plan were

allowed to accelerate the vesting of their shares that have not yet reached the vesting period. Combined with the impact of the implementation of the additional stock incentive plan in 2021, our stock incentive expenses recognized in 2021 were \$8,349,862. In addition, as a result of these changes, our professional expenses such as lawyers and financial consultants were \$1,156,125 in 2021. The total general and administrative expenses of 2021 were \$10,351,357.

Our losses from provision for doubtful accounts for 2022 were all due to other receivables that could not be collected. Due to the changes of our management and business team in the second half of 2021, we failed to collect the blockchain technical services receivable \$1,092,208 from BGA FOUNDATION LTD and \$54,923 from Beijing Qichi Trading Ltd. in a timely manner. Our consolidated statements of operations for the year ended December 31, 2021 includes a full provision for doubtful accounts from the above accounts receivable.

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Our intangible assets are all cryptocurrencies in recent three years. As we increased the cryptocurrency mining business as one of our main businesses in the second half of 2021, we classified cryptocurrencies as one part of our main operating assets and classified the loss or income from disposal of the cryptocurrencies as operating loss or income. In January 2022, we sold 1,000,000 USD Coins to finance our daily operations and generated a loss of \$29,968 in 2022. In October 2021, we sold 10 Bitcoins to finance our daily operations and generated an income of \$121,001. We sold other cryptocurrencies and generated an income of \$19 in 2021.

As of December 31, 2022, the original book value of 125.8584797 Bitcoins belonging to the company is \$5,972,282, of which 95.23843406 Bitcoins came from the PIPE closed on September 8, 2021 and 30.62004567 Bitcoins came from the Bitcoins shared mining business. We estimated the fair values of the Bitcoins based on the intraday low price of Bitcoin every day and respectively recognized \$908,453 and \$3,111,232 impairment loss for the year ended December 31, 2021 and 2022. As of December 31, 2022, the Company held 2,005,537.50 USD coins with the book value of \$2,003,332. We estimated the fair values of the USD Coins based on the intraday low price of USD Coin every day and respectively recognized \$11,120 and \$nil impairment loss for the year ended December 31, 2021 and 2022. As of December 31, 2022, the Company held 104762.0706 Filecoins with the book value of \$315,376, of which 104646.5806 Filecoins came from the asset purchase agreement with Huangtong International Co., Ltd. closed on December 15, 2022 and 115.49 Filecoins came from the Filecoin physical mining business. We estimated the fair values of the Filecoins based on the intraday low price of Filecoin everyday, and recognized \$26,957 impairment loss for the year ended December 31, 2022.

We also estimated the fair values of other cryptocurrencies we held and recognized \$5,864 impairment loss for the year ended December 31, 2022. We wrote off the original value of the \$5,864 cryptocurrencies and the \$5,864 impairment in 2022 due to the platform where the wallet of the \$5,864 cryptocurrencies was stored had gone out of business, we had been no longer able to withdraw the cryptocurrencies as of December 31, 2022.

We estimated the fair values of the cryptocurrencies based on the intraday low price every day and recognized \$1,292,568 impairment loss for the year ended December 31, 2021, including \$908,453 impairment loss of Bitcoins, \$11,120 impairment loss of USD Coins and \$372,995 impairment loss of FFcoins and other cryptocurrencies. We wrote off the original value of the \$1,208,339 FFcoins and other cryptocurrencies and the \$1,208,339 impairment in 2021 due to the FFcoin platform had gone out of business, these FFcoins and other cryptocurrencies no longer had any market value as of December 31, 2021.

While our operating expenses currently remain relatively low, we expect, as our recent investments in future business lines capture increasing revenues, to apply major reinvestments into the operations of all of our promising current investments and core business including R&D, hiring expert staff, and efforts to support the further global expansion of our business.

Goodwill impairment loss

\$8,107,013 goodwill impairment loss generated by the VIE entities subject to divestment is shown as loss/income from discontinued operations in the consolidated income statement for the year ended December 31, 2021. The balance sheet at the end of 2021 and 2022 had have no balance of goodwill.

Loss from disposal of subsidiaries

Due to the extremely adverse regulatory measures taken by the Chinese government in 2021 in the field of digital currency production and transaction, the Company's board of Directors decided on December 10, 2021 to divest the Chinese companies of the related business controlled through VIE agreements, and the divestiture was completed on January 15, 2022. The financial statements of the Company for the year ended December 31, 2022 recognized the loss from disposal of VIEs as \$4,664. No disposal of subsidiaries occurred in 2021.

Interest Income, net

Our interest income consists primarily of the interest income from our cash and short-term deposits with banks and compensation received for payments we made on behalf of the divested business. We generated \$5,118 interest income in 2022 and \$1,083 interest income in 2021. We did not incur borrowing interest expenses in 2021 and 2022.

Other(expenses)/income

Other income consists primarily of the gain generated from the government subsidies. We generated \$1,248 other income in 2022 and \$143 other expenses in 2021.

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Income tax expense/(benefits)

The reconciliations of tax computed by applying the statutory income tax rate of 21% applicable to the US operation, 16.5% applicable to the Hong Kong operation, 25% applicable to the PRC operation and 17% applicable to the Singapore operation to income tax benefit from continuing operations for 2022 and 2021 are as follows:

	For the year ended December 31, 2021			
	US\$ US	US\$ Hong Kong	US\$ PRC	US\$ Consolidated
Income/(Loss) before income taxes	8,776	(1,317,169)	(177,053)	(1,485,445)
Income tax computed at applicable tax rates	1,843	(217,333)	(44,263)	(259,753)
Effect of different tax rates in different jurisdictions	451	—	—	451
Non-deductible expenses	—	—	785	785
Current losses unrecognized deferred income tax	—	—	43,478	43,478
Prior losses recognized deferred income tax in current period	—	(33,672)	—	(33,672)
Income tax expenses/(benefits)	2,294	(251,005)	—	(248,711)

	For the year ended December 31, 2021			
	US\$ Hong Kong	US\$ PRC	US\$ Singapore	US\$ Consolidated

Income/(Loss) before income taxes	(202,316)	(1,341,425)	(9,187)	(1,552,928)
Income tax computed at applicable tax rates	(33,382)	(335,356)	(1,562)	(370,300)
Non-deductible expenses	27,040	267,891		294,931
Current losses unrecognized deferred income tax	6,342	67,465	1,562	75,369
Income tax expenses/(benefits)	—	—	—	—

On July 15, 2022, the Company incorporated Mercury Fintech Technology Holding Inc. in New York, which plans to develop consultation services. In accordance with the New York State Corporate Income Tax Law, the New York State corporate income tax rate applicable to the company in the year ended December 31, 2022 is 6.5%, and \$570 income taxes was credited to the Company. In accordance with the Federal Corporate Income Tax Law, the Federal corporate income tax rate applicable to the company in the year ended December 31, 2022 is 21%, and \$1,724 income taxes was credited to the Company.

We will take Mercury Limited and its Hong Kong and China subsidiaries as the operating entities of our business consultation services business in the Asia-Pacific region. Ucon Capital (HK) Limited, our Hong Kong subsidiary, will be one of the important business subjects and generate profits in the future, and Hong Kong tax law does not stipulate the period for carrying forward uncovered losses, so our financial statements recognized deferred income tax assets for the uncovered losses from Ucon Capital (HK) Limited in the year ended December 31, 2022.

We have disposed of all the businesses of the VIE entities in China. It is uncertain whether the sole Chinese subsidiary as of December 31, 2022, Beijing Lianji Future Technology Co., Ltd., will be able to generate enough profit in the next five years to cover the accumulated uncovered losses, which can only be covered in the next five years under Chinese tax law, so our financial statements did not recognize deferred income tax assets for the uncovered losses from Beijing Lianji Future Technology Co., Ltd. in the year ended December 31, 2022. We did not recognize any income tax benefits/(expenses) in 2021.

Net loss

Our net loss was \$21,665,704 for the year ended December 31, 2021 compared to \$5,634,971 for the year ended December 31, 2022. Among them, our loss from continuing operations was \$13,305,382 for the year ended December 31, 2021 compared to \$5,634,971 for the year ended December 31, 2022, our loss from discontinued operations was \$8,360,322 for the year ended December 31, 2021 compared to \$ nil for the year ended December 31, 2022.

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In 2021, following a change of the board and management, our business plan was recalibrated, and the original business of Mercury Limited and NBPAY were discontinued due to the highly adverse regulatory measures taken by the Chinese government in the second half of 2021 targeting the production and trading of digital currency. As a result, we recognized the impairment loss of goodwill of \$8.1 million for the year ended December 31, 2021, which is shown as loss from discontinued operations in the consolidated income statement. In addition, due to the changes in our core management and business teams, many employees participating in our stock incentive plan were allowed to accelerate the vesting of their shares that have not yet reached the vesting period. Combined with the impact of the implementation of the additional stock incentive plan in 2021, our stock incentive expenses recognized in 2021 were \$8,349,862.

B. Liquidity and Capital Resources

We had \$440,636, \$7,537,874 (including \$91,000 security deposits frozen in our bank account) and \$16,208,949 (including \$91,000 security deposits frozen in our bank account) in cash and cash equivalents as of December 31, 2021, 2022 and 2023, respectively.

We had \$2,319,247 in short-term investments as of December 31, 2023, including six-month Certificate of Deposits of \$1,624,191, ETF of \$594,492, and Common Stocks of \$100,564, all of which are with a high liquidity.

Our net losses were \$21,665,704, \$5,634,971 and \$9,357,196 for the year ended December 31, 2021, 2022 and 2023, respectively, and our net cash used in operating activities were \$1,411,029, \$1,551,357 and \$2,789,415 in 2021, 2022 and 2023, respectively.

On September 8, 2021, we issued 571,428,570 ordinary shares to three investors through private placement for 105.2385 Bitcoins with a market value of \$5 million.

On October 19, 2021, we issued 571,428,570 ordinary shares to three investors through private placement for 5,000,000.00 USD Coins with a market value of approximately \$5 million.

On November 21, 2022, we issued 2,423,076,922 ordinary shares to three investors for the private investment in public equity (the "PIPE") of \$3.15 million, and issued 108,000,000 ordinary shares to pay the financing service fee of the PIPE.

On December 20, 2022, we issued 3,676,470,589 ordinary shares to two investors for the private investment in public equity (the "PIPE") of \$5 million.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our 2,718,181,818 ordinary shares. We issued the 2,718,181,818 ordinary shares on December 23, 2022.

On December 23, 2022, we entered into a Securities Purchase Agreement in connection with a private investment in public equity (the "PIPE") financing with an accredited non-U.S. investor to offer and sell our units, each consisting of one ordinary share and three warrants for total gross proceeds of USD\$5 million. We issued the 4,545,454,546 ordinary shares to the investor upon receiving the \$5 million from the investor on January 10, 2023.

On November 30, 2023, the Company priced a private investment in public equity ("PIPE") offering, through which it sold an aggregate of 14,251,781 units of its securities, for the gross proceeds of \$6 million. The Company intends to utilize the net proceeds derived from the PIPE for general working capital purposes, enhancing its human capital and business development. The PIPE financing proceeds were received on December 4, 2023.

If there is any change in business conditions or other future developments, including any investments we may decide to pursue, we may also seek to sell additional equity securities or debt securities or borrow from lending institutions. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

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The following table sets forth a summary of our cash flows for the periods indicated:

For the Year Ended December 31,

	2023	2022 (as restated) (in US\$)	2021
Net cash used in operating activities	(2,789,415)	(1,551,357)	(1,411,029)
Net cash (used in)/provided by investing activities	(7,839,004)	936,712	—
Net cash provided by financing activities	19,300,000	7,720,425	1,676,203
Effect of exchange rate changes	(505)	(8,543)	3,356
Increase/(decrease) in cash and cash equivalents	8,671,076	7,097,237	268,530
Cash at the beginning of the period	7,537,873	440,636	174,783
Cash at the end of the period	16,208,949	7,537,873	443,313

Note: We have amended and restated our consolidated statement of cash flows for the financial year ended December 31, 2022, by reclassifying the net cash provided by disposal of digital assets from operating activities to investment activities. Please refer to our consolidated statement of cash flows for the financial year ended December 31, 2022 at page F-12 of this annual report, and Note 2 at page F-15 of this annual report.

Net cash used in operating activities

Net cash used in operating activities was \$2,789,415 for the year ended December 31, 2023, all from continuing operations. The net cash used in continuing operations was primarily due to: 1) Net loss from continuing operations of \$2,721,580 after excluding impairment loss of intangible assets, depreciation of fixed assets and amortization of intangible assets, loss from selling short-term investments, exchange gains and losses, loss on market price of short-term investment, and expenses included in financing activities; 2) Changes in operating assets and liabilities, net of effect of acquisitions: digital assets generated from mining business of \$285,928, an increase in prepaid expenses and other current assets and right-of-use assets of \$50,050, an increase in accounts payable, advance from customers and accrued expenses and other current liabilities and lease liabilities of \$168,043.

Net cash used in operating activities was \$1,551,357 for the year ended December 31, 2022, all from continuing operations. The net cash used in continuing operations was primarily due to: 1) Net loss from continuing operations of \$1,842,485 after excluding provision for doubtful accounts, impairment loss of intangible assets, stock-based compensation, loss from disposal of intangible assets, loss from disposal of subsidiaries, depreciation and amortization and other (expenses)/income those non-cash items; 2) Changes in operating assets and liabilities, net of effect of acquisitions: digital assets generated from mining business of \$783,438, an increase in prepaid expenses and other current assets and right-of-use assets of \$156,226, an increase in accounts payable, advance from customers and accrued expenses and other current liabilities and lease liabilities of \$918,340.

Net cash used in operating activities was \$1,411,029 for the year ended December 31, 2021, reflecting a combination of net cash used in continuing operations of \$1,024,252. The net cash used in continuing operations was primarily due to: 1) Net loss from continuing operations of \$1,912,043 after excluding provision for doubtful accounts, impairment loss of intangible assets, stock-based compensation, and loss from disposal of intangible assets; 2) Changes in operating assets and liabilities, net of effect of acquisitions: digital assets generated from mining business of \$664,307, disposal of digital assets of \$325,987, digital assets received as payment of \$5,864, digital assets used to pay expenses of \$2,141,375, a decrease in accounts receivable and prepaid expenses of \$724,971, a decrease in accrued expenses and other current liabilities of \$184,429.

Net cash (used in)/provided by investing activities

Net cash used in investing activities was \$5,660,208 for the year ended December 31, 2023, which was primarily attributable to: Cash from selling short-term investments of \$3,434,764, Received short-term investment interest and dividends of \$48,089, Cash paid for short-term investments of \$8,038,049, Cash paid for long-term equity investments of \$160,000, Payments for purchasing fixed assets of \$3,003,808, and Prepayments for acquisition of \$120,000.

Net cash provided by investing activities was \$936,712 for the year ended December 31, 2022, which was attributable to Cash from disposal of digital assets of \$968,934, payments for purchasing fixed assets of \$7,222, and Loan payment to affiliate person of \$25,000.

Net cash provided by investing activities was nil for the year ended December 31, 2021.

Net cash provided by financing activities

Net cash provided by financing activities was \$19,300,000 for the year ended December 31, 2023, representing cash provided by private placement of \$11 million, provided by convertible notes of \$ 9 million, and used in paying related financial advisory fees of \$700,000.

Net cash provided by financing activities was \$7,720,425 for the year ended December 31, 2022, representing cash provided by private placement of \$7.9 million, borrowings of \$400,000 and used in paying for debt of \$579,875.

Net cash provided by financing activities of continuing operations was \$1,555,784 for the year ended December 31, 2021, representing cash provided by private placement of \$713,082, borrowings of \$935,793 and used in paying for debt of \$93,091. Net cash provided by financing activities of discontinued operations was \$120,419.

Capital Expenditures

On January 10, 2023, the Company entered into an asset purchase agreement (the "Original Contract") with Jinhe Capital Limited ("Jinhe"), providing for the purchase of 5,000 Antminer S19 PRO Bitcoin mining machines, for an aggregate consideration of \$9 million. On May 31, 2023, the Company and Jinhe entered into an amendment to the S19 Pro Purchase Agreement, pursuant to which the parties have agreed to reduce the purchase order to no more than 2,000 Bitcoin miners for a total amount of no more than \$3.6 million. As of December 31, 2023, the Company has paid the seller \$3 million US dollars. On March 10, 2024, the Company and Jinhe entered into a Cancellation Agreement, which cancelled and terminated the Original Contract and the amendment in its entirety, the prepayment of \$3 million US dollars from the Company to Jinhe will be refunded to the Company soon.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares. The investment is made with an aim to own mining machines capable of gathering, processing, and storing vast amounts of data, to advance the cryptocurrency mining business, and to further solidify us as a pioneer in the creation of the Web3 framework. The assessed value of the Web3 decentralized storage infrastructure is \$5,982,900. In addition, the Company also received 104646.5806 filecoins from Huangtong International Co., Ltd. for free. On December 20, 2022, the assets began to be used for Filecoin mining operations.

We did not have capital expenditures for the year ended December 31, 2021.

Inflation

Since our inception, inflation in the PRC has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year

percent changes in the consumer price index for December 2021, 2022 and 2023 were increases of 0.9%, 3.7% and , respectively.

From the second half of 2022, the United States becomes one of our main locations of operations. According to the U.S. Bureau of Labor Statistics, the year-over-year percent changes in the consumer price index for December 2021, 2022 and 2023 were increases of 7% and 6.4%, and 3.2%, respectively.

Although we have not been materially affected by inflation in the past, we have experienced and expect to continue to experience upward pressure on our operating expenses.

C. Research and Development

Please refer to "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

In late February 2022, the former acting Chief Financial Officer Wei Zhu, who was also the Company's former Co-Chief Executive Officer, and a former member and Co-Chairperson of the Board, was taken away from the Company's office in Shenzhen, China for personal reasons to cooperate with the investigation conducted by Sheyang County Public Security Bureau, Yancheng City, Jiangsu Province, People's Republic of China. At the same time, Sheyang County Public Security Bureau forcibly took away the safe belonged to the Company that stored the digital asset hardware cold wallet, and forcibly opened the safe by destroying the lock thereto and seized the digital asset hardware cold wallet and all cryptocurrencies stored therein.

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The book value of the Bitcoins and USD Coins stored in the out-of-control wallet was \$3,944,808 on December 31, 2022, and we verified that Bitcoins and USD Coins with a book value of \$3,469,762 as of December 31, 2022 stored in the out-of-control wallet had been transferred to another unknown wallet.

The Company's PRC law firm Deheng Law Office ("Deheng") has been representing the Company in our efforts to recover the wrongfully seized cold wallet and cryptocurrencies from the PRC's Public Security Bureau. On November 21, 2022, Deheng submitted the complaint and evidentiary materials to the Public Security Bureau according to the Criminal Procedure Law and the Provisions on Procedures of Handling Criminal Cases by Public Security Organs (the "PRC Criminal Law"). As of December 31, 2022, we and Deheng had not received any definitive response from the Public Security Bureau.

On behalf of the Company, Deheng went to Sheyang Public Security Bureau several times to communicate with the police officer in charge of Wei Zhu's case, and Deheng learned that Sheyang Public Security Bureau suspected that the cryptocurrencies belonged to the Company was related to Wei Zhu's case without any evidence and because Wei Zhu's case is still in the stage of investigation, they insisted on continuing to implement temporary measures to retain the seized assets.

According to the legal opinion issued by Deheng, the ownership of the cryptocurrencies seized by Sheyang Public Security Bureau is clear and can be verified as belonging to the Company, and the seizure of the Company's cryptocurrencies by Sheyang Public Security Bureau is improper. If Sheyang Public Security Bureau does not release the Company's seized cryptocurrencies, they should issue a written decision in accordance with applicable laws and regulations.

On November 21, 2022, Deheng submitted the complaint and evidentiary materials to the Public Security Bureau of Sheyang County according to the Criminal Procedure Law and the Provisions on Procedures of Handling Criminal Cases by Public Security Organs (the "PRC Criminal Law").

On October 12, 2023, the Company submitted the "Application for State Compensation" to the Public Security Bureau of Sheyang County. At the same time, the Company filed a complaint and submitted the "Information and Supervision Application" with Public Security Bureau of Yancheng City (the superior department of Public Security Bureau of Sheyang County), urging the Public Security Bureau of Yancheng City to compel the Public Security Bureau of Sheyang County to make a decision as to the seized digital currencies. On November 22, 2023, the Company received a response from the Public Security Bureau of Sheyang County, rejecting the Company's "Application for State Compensation". The Public Security Bureau of Sheyang County claimed that the criminal responsibility for the relevant case has not been terminated, and the Company should submit the "Application for State Compensation" after the criminal responsibility for the relevant case has been terminated. In view of the response from the Public Security Bureau of Sheyang County, the Company submitted the administrative reconsideration by mail to the Public Security Bureau of Yancheng City, the higher-level organ of the Public Security Bureau of Sheyang County, on December 19, 2023.

On February 4, 2024, the Yancheng Public Security Bureau replied to us with a "Criminal Compensation Review Decision", supporting the actions of the Sheyang County Public Security Bureau and rejecting the Company's national compensation application. Yancheng Public Security Bureau also believes that because they suspect that the crypto assets owned by the Company may be related to the suspect of the case they are investigating, and the Company can only apply for the national compensation after the relevant case is ended. Therefore, in accordance with the national compensation procedure, the Company mailed the relevant materials to the National Compensation Commission of Yancheng Intermediate People's Court on March 1, 2024, and applied to the National Compensation Commission of Yancheng Intermediate People's Court for a compensation decision.

As of now, the Company is still attempting to recover those lost crypto assets through administrative appeals.

As of December 31, 2022, the Company's net assets were \$16,828,864, of which cash and cash equivalents accounted for 44% and the Bitcoins and USD Coins out-of-control accounted for 23%. As of December 31, 2023, the Company's net assets were \$17,832,767, of which cash and cash equivalents accounted for 90%, and the Bitcoins and USD Coins out-of-control were fully recognized impairment losses to eliminate the potential significant uncertainty on the financial statements.

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After the Wei Zhu incident, the Company's board of directors and management underwent significant changes in 2022. From March 2022 to April 2023, the new management made significant adjustments to the Company's business strategy and development focus.

After the adjustment of our business strategies, the focus of our operating subsidiaries are as follows: (i) MFH Tech acting as the operating entity of distributed storage and computing services and business consultation services business in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates and only after obtaining FINRA approval, Chaunce Securities to operate our financial advisory services and online and traditional brokerage services in North America; and (iii) Ucon and Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

a) From July 2022, we have designated business consultation services as one of our main businesses.

In July 2022, we added business consultation services as one of our main businesses going forward, providing business consulting services and digital payment solutions to global corporate clients, especially those in the blockchain industry, and continued our planned expansion into online and traditional brokerage services. We incorporated MFH Tech to develop distributed computing and storage services (including cryptocurrency mining and providing cloud storage services for decentralized platform operators) and business consultation services. We expect the Company to get more clients in the consultation services business in the next two years, thereby generating more revenue, and the proportion of the revenue from consultation services to total revenue will gradually increase.

b) From December 2022, we started our Filecoin mining business, and we have decided not to expand the scale of our crypto assets mining business to avoid related

industry risks.

In the first half of 2022, the Company's revenue came entirely from the Bitcoin shared mining business, which began in October 2021 and ended in April 2022. During the same period, the Wei Zhu incident caused the Company to temporarily lose control of most of its cryptocurrencies, and the Company's daily operations also faced temporary difficulties, resulting in the Company's original expansion plan for cryptocurrency mining business not being implemented. The revenue from Bitcoin shared mining business in 2022 accounted for 90.7% of the total revenue. Going forward, we currently have no plans to resume Bitcoin mining business.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares.

On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage. The Company has used Origin Storage's technology to repackage the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage include but are not limited to storage server services, computing encapsulation server services, and technical services.

In January 2024, we repackaged our Web3 decentralized storage infrastructure for Filecoin mining using new technology provided by Origin Storage and began running two new Filecoin mining nodes. As of the date of this annual report, the effective storage capacity of our two new Filecoin mining nodes has reached 64PiB, exceeding our original target storage capacity of 60.4PiB, and only takes up 6.4PiB of the original storage capacity (the "Raw Byte Power") of our Web3 decentralized storage infrastructure. In other words, the effective storage capacity of the Company can be magnified tenfold with Origin Storage's technologies.

We expect that the revenue from distributed computing and storage services (including Filecoin mining and providing cloud storage services to other decentralized platform operators) will become the main source of revenue in 2024, although our consultation business will continue to grow.

- c) We have decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform.

On January 28, 2023, we decided to write off NBpay Investment Limited and its subsidiaries, which had no meaningful assets or business nor employees. Also considering the enormous uncertainty brought by the cryptocurrency market turmoil in the past two years to the blockchain industry, as well as the regulatory uncertainties, although we have the ability to quickly reorganize the blockchain technical service team, we have decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform in the next two years.

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- d) We have decided to increase the financial advisory services, online and traditional brokerage services as one of our future main businesses.

On April 12, 2023, we completed the incorporation of another U.S. subsidiary, Chaince Securities, for which we plan to develop financial advisory services, online and traditional brokerage services independently in the future, but only after we obtain the required FINRA approval. We expect the financial advisory, online, and traditional brokerage services to become one of the Company's main businesses by 2024.

Other than as described elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause our reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

Impairment of intangible assets with indefinite useful life

We classify the cryptocurrencies the Company hold as indefinite-lived intangible assets.

Intangible assets with indefinite useful life are not amortized and are tested for impairment annually or more frequently, if events or changes in circumstances indicate that they might be impaired in accordance with ASC Subtopic 350-30, Intangibles-Goodwill and Other: General Intangibles Other than Goodwill ("ASC 350-30").

The intangible assets of the Company are cryptocurrencies which are measured at cost less impairment. The cryptocurrencies received from cryptocurrency mining operations recognize the cost of intangible assets based on the market price at the time of acquisition.

Due to the price crash of Bitcoin in 2022, the Company, out of caution, decided to change the impairment test method of Bitcoin and other cryptocurrencies from testing once or twice a year by calculating the fair value based on the average daily closing price of the past 12 months to testing every day by calculating the fair value based on the intraday low price. ASC 350-30-35-18 and ASC 350-30-35-19 call for us to consider all circumstances that could lead to impairment of the intangible assets, take a more cautious method to test whether impairment of the intangible assets is likely to occur, and test more frequently. The intraday low price of cryptocurrencies to be utilized in calculating impairment of our cryptocurrencies held as that metric is the most accurate indicator of whether it is more likely than not that the asset is impaired.

We estimated the fair values of the Filecoins based on the intraday low price of the Coinbase platform every day, and we recognized \$303,276 impairment loss of intangible assets for the year ended December 31, 2023. As of December 31, 2023, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, to eliminate the potential significant uncertainty on the financial statements. The amount of the impairment of the crypto assets out of control (all of the Company's Bitcoins and USD Coins) for the year ended December 31, 2023 was \$3,944,809.

We estimated the fair values of the cryptocurrencies based on the intraday low price of the Feixiaohao platform every day, and we recognized \$3,144,053 impairment loss of intangible assets for the year ended December 31, 2022. As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

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We recognized \$1,292,568 impairment loss of intangible assets for the year ended December 31, 2021 in the consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information relating to our directors and executive officers as of the date of this annual report

Directors and Executive Officers	Age	Position/Title
Shi Qiu	33	Chief Executive Officer and Director
Alan Curtis	81	Chairperson of the Board of Directors and Independent Director
Daniel Kelly Kennedy	40	Director
Qian Sun	36	Chief Operating Officer and Director
Hui Cheng	32	Independent Director
Cong Huang	42	Independent Director
Yukuan Zhang	36	Chief Financial Officer

Mr. Shi Qiu, age 33, is an entrepreneur with extensive experience in corporate management and business innovation in various industries, such as the media, fintech, and blockchain industries. From September 2015 to May 2018, Mr. Qiu co-founded and served as a Vice President of Newstyle Media Group, which received strategic investments from certain well-known technology companies in the PRC. Newstyle Media Group produced a popular Asian TV series "The Untamed," which is currently available worldwide on the online streaming platform Netflix. From June 2018 to October 2018, Mr. Qiu served as the Head of Blockchain Business of North Mining Limited. Mr. Qiu then served as the Vice-General Manager of Ningbo Saimeinuo Supply Chain Management Ltd. from November 2018 until 2021. From November 2021 until November 2022, Mr. Qiu served as the Chief Technology Officer (the "CTO") of Singularity Future Technology (NASDAQ:SGLY). Mr. Qiu received a Bachelor's Degree in Risk Management and Actuary from Zhejiang University and a Master's Degree in Government Management and Public Policy from Tsinghua University. Since May 2022, Mr. Qiu has served as the Chief Executive Officer and Director of the Company.

Mr. Alan Curtis, age 81, is an American public policy expert. Mr. Curtis served as a public safety advisor to Presidents Lyndon B. Johnson and Jimmy Carter. Since 1968, Mr. Curtis has served on the National Advisory Commission on Civil Disorders, known as the Kemer Commission. In 1969, Mr. Curtis was appointed as an Assistant Director of Crimes of Violence task force on President Lyndon B. Johnson's National Commission on the Causes and Prevention of Violence. Between 1977 and 1981, Mr. Curtis served as Executive Director of President Jimmy Carter's Urban and Regional Policy Group and as an Urban Policy Advisor to the Secretary of Housing and Urban Development. In 1981, Mr. Curtis was named as Founding President and Chief Executive Officer of the Milton S. Eisenhower Foundation, which identifies, funds, evaluates, and builds evidence-based programs for disadvantaged American youth and families. In 2018, Mr. Curtis published a book titled Healing Our Divided Society: Investing in America Fifty Years after the Kemer Report, and Mr. Curtis proposed evidence-based policies for employment, education, housing, community development, and criminal justice. Mr. Curtis holds an A.B. in Economics from Harvard, a M.Sc. in Economics from the University of London and a Ph.D. in Criminology and Urban Policy from the University of Pennsylvania. Since November 2022, Mr. Alan Curtis has served as the Chairperson of the Board of Directors of the Company.

Mr. Daniel Kelly Kennedy, age 40, is an educator, writer and inspirational leader in international business and entrepreneurship. From August 2015 to August 2016, Mr. Kennedy was an Academic English Professor at Moraine Park Technical College in Beaver Dam, Wisconsin. From August 2016 to August 2017, Mr. Kennedy was an International Business/Social Media Coordinator at Mozaik Education in Szeged, Hungary. From September 2017 to May 2018, Mr. Kennedy worked as a Yoga/Meditation teacher at the Lodge at Woodloch in Hawley, Pennsylvania. From August 2020 to July 2022, Mr. Kennedy worked as an Academic English Professor at Campus Education in New York City. From June 2021 to the present, Mr. Kennedy has been a Columnist for "Entrepreneur Magazine" in New York City. Mr. Kennedy has been writing and publishing articles on various subject ranging from finance to life style. From June 2022 to October 2022, Mr. Kennedy worked at BIT Mining, a leading publicly traded cryptocurrency mining company, as a Marketing Manager responsible for managing social media, public relations, investor relations and maintaining a professional and intelligent public image. Mr. Kennedy holds a bachelor's degree in history and a Master's degree in Education from King's College in Pennsylvania. Since November 2022, Mr. Daniel Kelly Kennedy has served as a Director of the Company.

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Ms. Qian Sun, age 36, has more than 10 years of experience in corporate management and industrial investment. In 2010, Ms. Sun joined Shenzhen Worldunion Group (SZ:002285), a publically traded real estate services company in China, as a Project Planner in Northern China, responsible for the project planning and marketing in Northern China. Thereafter, from 2012 to 2017, Ms. Sun worked at Bei Hui United Education, an online education company, as an Assistant to the Chairman and Operation Director respectively, responsible for the development of the company's curriculum and daily operation management. From 2017 to 2020, Ms. Sun worked at Blockchainr, a blockchain consulting and incubation platform company, as a Partner responsible for providing one-stop consulting and incubation services in the blockchain field. From 2020 to 2022, Ms. Sun worked at Consensus Labs, a leading blockchain investment and research firm, as a Partner responsible for industry research and post-investment management. Ms. Sun holds a bachelor's degree in Management from Beijing Normal University. Since November 2022, Ms. Qian Sun has served as a Director and Chief Operating Officer of the Company.

Mr. Hui Cheng, age 32, is an entrepreneur in the Internet and financial technology industry. From 2016 to 2018, Mr. Cheng worked at IDG Capital, a venture capital investment firm, as an Investment Associate. From 2018 to 2019, Mr. Cheng worked at Qudian Group (NYSE:QD), a financial technology service company in China, as a Special Assistant to the Chief Executive Officer, responsible for business globalization. From 2019 to 2022, Mr. Cheng worked for Kuaishou Technology (SEHK:01024), a live streaming services and online marketing services provider, responsible for Kuaishou Technology's global operation, including marketing and localization operations in Latin America and Southeast Asia. Mr. Cheng holds a Bachelor of Science and a Master of Science in Management from Tsinghua University. Since November 2022, Mr. Hui Cheng has served as a Director of the Company.

Mr. Cong Huang, age 42, is a renowned researcher and entrepreneur in financial technology innovation. After receiving the PhD degree in Statistics from Yale University, he worked at Columbia University as an Assistant Professor in the Statistics Department, conducting research focused on algorithms and implementations in data mining. After a period of time, he decided to leave campus to develop his career in financial innovation and technology. At Goldman Sachs (GS), he played a pivotal role in developing various new models and algorithms to improve the speed and accuracy of options pricing methods. At McKinsey & Company, he helped financial institutions implement strategic innovation and transformation initiatives. As a founding member of PingAn Lufax (Nasdaq: LU), he led the Innovative Product Department and developed numerous retail loan products from zero, which have been widely used for reference by Internet finance industry. As the CEO of Xiaoying Tech (Nasdaq: XYF), one of the top finance companies in China, he set up the management and operations structure to lift the trading volume from RMB100 million per month to RMB3 billion per month in two years. Meanwhile, Mr. Cong Huang is the founder and CEO of Weiyang Tech, a leading AI company that provides risk-control and marketing solutions for financial institutions. Mr. Huang has Bachelor's degree in Mathematics from the University of Science & Technology of China and a PhD degree from Yale University. Since March 2021, Mr. Cong Huang has served as an Independent Director of the Company.

Yukuan Zhang, age 36, has more than 10 years of experience in audit, consulting, investment, financing, and enterprise management. In 2012, Mr. Zhang worked as a settlement specialist in the Settlement Management Center of Suning Group (SZ002024). From January 2013 to August 2013, Mr. Zhang worked at Shanghai Accounting Firm as an auditor. From October 2013 to August 2015, Mr. Zhang worked at Beijing Daotong Fangyuan Certified Public Accountants as a manager. From October 2015 to April 2019, Mr. Zhang worked at Beijing Xinghua Certified Public Accountants as a senior manager, responsible for audits of Chinese companies in various sectors, such as culture and media, manufacturing, internet, software services, tourism, real estate, education, and catering. From May 2019 to February 2020, Mr. Zhang served as a senior manager at Tianjiu Happiness Holding Group Co., Ltd., a business incubation group. From March 2020 to June 2021, Mr. Zhang served as the Chief Financial Officer at Beijing Swish Technology Co., Ltd., an internet e-commerce platform company. From July 2021 until November 13, 2022, Mr. Zhang served as the Chief Accountant of the Company and has served as Chief Financial Officer of the Company since November 2022. Mr. Zhang obtained a Bachelor's degree in Management with a major in Accounting from Harbin University of Commerce. Mr. Zhang was certified as a Certified Public Accountant in China in 2015.

There are no family relationship between any of the persons named above. There were no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management.

B. Compensation

Compensation of Directors and Executive Officers

In 2023, we paid an aggregate of \$167,000 in cash and shares of the Company as salaries and fees to our former and current independent directors and an aggregate of \$185,776 in cash as salaries and fees to our current executives. Other than salaries, fees and share incentives, we do not otherwise provide pension, retirement or similar benefits to our officers and directors.

Share Incentive Plans

We adopted our share incentive plan in 2011, amended it in 2015 (the "2011 Plan"), and new incentive plans in 2020, 2021 and 2022 (the "2020 Plan", "2021 Plan" and "2022 Plan"), to attract and retain the best available personnel, provide additional incentives to our employees, directors and consultants, and promote the success of our business.

The amended and restated 2011 share incentive plan provides for the grant of options, restricted shares and other share-based awards, collectively referred to as "awards." In respect of the share incentive plan 2011, amended in 2015, our board of directors has authorized the issuance of ordinary shares of up to 15% of the issued and outstanding share capital of our company from time to time. The maximum aggregate number of shares which may be issued under the 2020 Plan is 150,000,000 shares (pre-mandatory exchange and share consolidation). The maximum aggregate number of shares which may be issued under the 2021 Plan is 400,000,000 shares (pre-mandatory exchange and share consolidation). The maximum aggregate number of shares which may be issued under the 2022 Plan is 1,100,000,000 shares (pre-mandatory exchange and share consolidation).

2011 Plan

Plan Administration. Our compensation committee will administer the amended and restated 2011 share incentive plan. The committee determines the participants to receive awards, the type and number of awards to be granted, and the terms and conditions of each award grant.

Award Agreements. Awards granted under our amended and restated 2011 share incentive plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award. Unless specifically approved by our board of directors, the purchase price per share of an option shall not be less than 100% of the fair market value of the shares on the date of grant.

Transfer Restrictions. The right of a grantee in an award granted under our amended and restated 2011 share incentive plan may not be transferred in any manner by the grantee other than by will or the laws of descent and, with limited exceptions, may be exercised during the lifetime of the grantee only by the grantee.

Option Exercise. The term of options granted under the amended and restated 2011 share incentive plan may not exceed ten years from the date of grant. The consideration to be paid for our ordinary shares upon exercise of an option or purchase of ordinary shares underlying the option may include cash, check or other cash-equivalent, ordinary shares, consideration received by us in a cashless exercise, or any combination of the foregoing methods of payment.

Acceleration upon a Change of Control. If a change of control of our company occurs, (i) the compensation committee may determine that any outstanding unexercisable, unvested or lapsable awards shall automatically be deemed exercisable, vested and not subject to lapse immediately prior to the event triggering the change of control and (ii) the compensation committee may cancel such awards for fair value, provide for the issuance of substitute awards or provide that for a period of at least 15 days prior to the event triggering the change of control, such options shall be exercisable and that upon the occurrence of the change of control, such options shall terminate and be of no further force and effect.

Termination and Amendment. Our board of directors has the authority to amend or terminate our share incentive plan subject to shareholder approval to the extent necessary to comply with applicable laws. Shareholders' approval is required for any amendment to the amended and restated 2011 share incentive plan that increases the number of ordinary shares available under the amended and restated 2011 share incentive plan or changes the maximum number of shares for which awards may be granted to any participant.

Additionally, a participant's consent is required to diminish any of the rights of the participant under any award previously granted to such participant.

2020 Plan

The following paragraphs summarize the principal terms of our 2020 Plan.

Type of Awards. The 2020 Plan permits the awards of options, restricted shares, restricted share units or other types of awards approved by compensation committee of the board.

Plan Administration. Our board of directors or compensation committee will administer the 2020 Plan. The committee or the board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the 2020 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. Persons eligible to participate in the 2020 Plan include employees, consultants and all directors of our company.

Vesting Schedule. The vesting schedule of each award granted under 2020 Plan will be set forth in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2020 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the 2020 Plan. With the approval of the board, our compensation committee has the authority to terminate, amend, suspend or modify the

2020 Plan. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the plan.

2021 Plan

The following paragraphs summarize the principal terms of our 2021 Plan.

Type of Awards. The 2021 Plan permits the awards of options, restricted shares, restricted share units or other types of awards approved by compensation committee of the board.

Plan Administration. Our board of directors or compensation committee will administer the 2021 Plan. The committee or the board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the 2021 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. Persons eligible to participate in the 2021 Plan include employees, consultants and all directors of our company.

Vesting Schedule. The vesting schedule of each award granted under 2021 Plan will be set forth in the relevant award agreement.

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Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2021 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the 2021 Plan. With the approval of the board, our compensation committee has the authority to terminate, amend, suspend or modify the 2021 Plan. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the plan.

2022 Plan

The following paragraphs summarize the principal terms of our 2022 Plan.

Type of Awards. The 2022 Plan permits the awards of options, restricted shares, restricted share units or other types of awards approved by compensation committee of the board.

Plan Administration. Our board of directors or compensation committee will administer the 2022 Plan. The committee or the board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the 2022 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. Persons eligible to participate in the 2022 Plan include employees, consultants and all directors of our company.

Vesting Schedule. The vesting schedule of each award granted under 2022 Plan will be set forth in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the maximum exercisable term is ten years from the date of grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2022 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the 2022 Plan. With the approval of the board, our compensation committee has the authority to terminate, amend, suspend or modify the 2022 Plan. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the plan.

The following table summarizes, as of the date of this annual report, the outstanding options and restricted share units granted to our (current and former) executive officers, directors, and other individuals as a group under the 2011 Plan.

Name	Ordinary shares underlying	Exercise price (US\$/share)	Date of grant	Date of expiration
	options awarded/Restricted Share Units			
Other Individuals as a Group	210,060,000(1)	—	from 2011/2/1 to 2021/1/25	from 2018/9/1 to 2031/1/24
Other directors and officers as a group	56,700,000(1)	—	from 2011/2/1 to 2021/1/3	from 2030/7/9 to 2031/1/2

* Less than one percent of our total outstanding share capital.

(1) Restricted share units

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The following table summarizes, as of the date of this annual report, the outstanding options and restricted share units granted to our (current and former) executive officers,

directors, and other individuals as a group under the 2020 Plan.

Name	Ordinary shares underlying		Exercise price (US\$/share)	Date of grant	Date of expiration
	options awarded/Restricted	Share Units			
Other Individuals as a Group	93,600,000(1)	—	—	from 2021/1/3 to 2021/4/30	from 2031/1/2 to 2031/4/29
Executive officers	37,008,000(1)	—	—	2020/11/24	2030/11/23

* Less than one percent of our total outstanding share capital.

(1) Restricted share units

The following table summarizes, as of the date of this annual report, the outstanding options and restricted share units granted to our (current and former) executive officers, directors, and other individuals as a group under the 2021 Plan.

Name	Ordinary shares underlying		Exercise price (US\$/share)	Date of grant	Date of expiration
	options awarded/Restricted	Share Units			
Other Individuals as a Group	10,800,000(1)	—	—	2021/8/25	2031/8/23
Other directors and officers as a group	384,999,480(1)	—	—	2021/8/25	2031/8/23

* Less than one percent of our total outstanding share capital.

(1) Restricted share units

There are no outstanding options and restricted share units granted under the 2022 Plan.

C. Board Practices

Duties of Directors

Under Cayman Islands law, our directors owe certain fiduciary duties to our company, including duties of loyalty, to act honestly, and to act in what they consider in good faith to be in our best interests. Our directors also have a duty to exercise the skills they actually possess and such care and, diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than what may reasonably be expected from a person of his knowledge and experience. However, English courts have moved towards an objective standard with regard to the required skill and care, and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our fifth amended and restated memorandum and articles of association. We have the right to seek damages if a duty owed by our directors is breached.

The powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- issuing authorized but unissued shares;
- declaring dividends and distributions;
- exercising the borrowing powers of our company and mortgaging the property of our company;
- approving the transfer of shares of our company, including the registering of such shares; and
- exercising any other powers conferred by the shareholders' meetings or under our fifth amended and restated memorandum and articles of association.

Terms of Directors and Executive Officers

We have six directors on our board, three of whom are independent directors. Any director on our board may be removed by way of an ordinary resolution of shareholders. Any vacancies on our board of directors or additions to the existing board of directors can be filled by the affirmative vote of a majority of the remaining directors. The shareholders may also by ordinary resolution elect or appoint any person to be a director either to fill a casual vacancy or as an addition to the existing board of directors.

Any director appointed by the board of directors to fill a casual vacancy shall hold office for the remaining term of the director in whose place he is appointed and shall be eligible for re-election at the expiry of the said term.

Grounds for Vacating a Director

The office of a director shall be vacated if the director:

- resigns his office by notice in writing delivered to us or tendered at a meeting of the board of directors;
- becomes of unsound mind or dies;
- without special leave of absence from the board of directors, is absent from meetings of the board of directors for six consecutive months and the board of directors resolves that his office be vacated;
- becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- is prohibited by law from being a director; or
- ceases to be a director by virtue of any provisions of Cayman Islands law or is removed from office pursuant to the fifth amended and restated articles of association.

All of our executive officers are appointed by and serve at the discretion of our board of directors. Our executive officers are elected by and may be removed by a majority vote of our board of directors.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee.

Audit Committee

Our audit committee consists of Hui Cheng, Cong Huang, and Alan Curtis with Hui Cheng as Chair of the audit committee, effective October 2, 2023. We have determined that all the members of our audit committee satisfy the "independence" requirements of Rule 10A-3 under the Exchange Act and Nasdaq Marketplace Rule 5605(a) and that Hui Cheng is an audit committee financial expert as defined in the instructions to Item 16A of the Form 20-F. Hui Cheng serves as the chairperson of the audit committee.

The audit committee oversees our accounting and financial reporting processes and the audits of our consolidated financial statements. Our audit committee is responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;

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- setting clear hiring policies for employees and former employees of the independent auditors;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited consolidated financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditor's major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our consolidated financial statements;
- discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately, periodically, with management, internal auditors and the independent auditor; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee consists of Alan Curtis, Cong Huang and Mr. Hui Cheng with Cong Huang as the Chair of the compensation committee, effective October 2, 2023. We have determined that all the members of our compensation committee satisfy the "independence" requirements of Rule 5605(a) of Nasdaq Stock Market Marketplace Rules.

Our compensation committee is responsible for, among other things:

- reviewing and approving our overall compensation policies;
- reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluating our Chief Executive Officer's performance in light of those goals and objectives, reporting the results of such evaluation to the board of directors, and determining our Chief Executive Officer's compensation level based on this evaluation;

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- determining the compensation level of our other executive officers;
- making recommendations to the board of directors with respect to our incentive-compensation plan and equity-based compensation plans;
- administering our equity-based compensation plans in accordance with the terms thereof; and

- such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Alan Curtis, Cong Huang and Hui Cheng with Hui Cheng as the Chair of the Nominating and Corporate Governance Committee, effective October 2, 2023. We have determined that all the members of our compensation committee satisfy the "independence" requirements of Rule 5605(a) of Nasdaq Stock Market Marketplace Rules.

The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Corporate Governance

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers and employees. We have made our code of business conduct and ethics publicly available on our website.

In addition, our board of directors has adopted a set of corporate governance guidelines. The guidelines reflect certain guiding principles with respect to our board's structure, procedures and committees. The guidelines are not intended to change or interpret any law, or our fifth amended and restated memorandum and articles of association.

Remuneration and Borrowing

The Board may determine the remuneration to be paid to the directors. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third-party.

Qualification

There is no requirement for our directors to own any shares in our company in order for them to qualify as a director.

Employment Agreements

The Board appointed Mr. Shi Qiu as the CEO for the Company, effective May 7, 2022. As of the date of this annual report, the current employment agreement (the "CEO Employment Agreement") dated May 9, 2022 between Mr. Shi Qiu and the Company governs the terms and conditions of Shi's employment, which is substantially in the form filed herein as Exhibit 10.1. Pursuant to the CEO Employment Agreement, we agreed to employ Mr. Shi Qiu as the CEO for an annual base salary of \$36,000 with a three-month probationary period. During the employment, Mr. Shi Qiu shall be entitled to the paid medical leave, holidays and vacations, and be subject to certain non-solicitation and non-disclosure provisions set forth therein. We or Mr. Qiu may terminate the CEO Employment Agreement for cause, at any time, with one-month notice.

The Board appointed Ms. Qian Sun as the COO for the Company, effective October 13, 2022. As of the date of this annual report, the current employment agreement (the "COO Employment Agreement") dated October 13, 2022 between Ms. Qian Sun and the Company governs the terms and conditions of Ms. Qian Sun's employment, which is substantially in the form filed herein as Exhibit 10.2. Pursuant to the COO Employment Agreement, we agreed to employ Ms. Qian Sun as the COO for an annual base salary of \$30,000 with a three-month probationary period. During the employment, Ms. Qian Sun shall be entitled to the paid medical leave, holidays and vacations, and be subject to certain non-solicitation and non-disclosure provisions set forth therein. We or Ms. Qian Sun may terminate the COO Employment Agreement for cause, at any time, with one-month notice.

The Board appointed Mr. Yukuan Zhang as the CFO for the Company, effective November 13, 2022. As of the date of this annual report, the current employment agreement (the "CFO Employment Agreement") dated November 13, 2022 between Mr. Yukuan Zhang and the Company governs the terms and conditions of Mr. Yukuan Zhang's employment, which is substantially in the form filed herein as Exhibit 10.3. Pursuant to the CFO Employment Agreement, we agreed to employ Mr. Yukuan Zhang as the CFO for a monthly base salary of RMB70,000, payable in U.S. Dollars based on the last 7 days average exchange rate of USD to CNY on the Financial Reserve Website. During the employment, Mr. Yukuan Zhang shall be entitled to the paid medical leave, holidays and vacations, and be subject to certain non-solicitation and non-disclosure provisions set forth therein. We or Mr. Yukuan Zhang may terminate the CFO Employment Agreement for cause, at any time, with one-month notice.

Our CEO, COO and CFO have also agreed not to engage in any activities that compete with us, or to directly or indirectly solicit the services of our employees and clients, during employment and for a period of one year after termination of employment. Each of our CEO, COO and CFO has agreed to hold in strict confidence any confidential information or trade secrets of our company. Each of our CEO, COO and CFO also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material corporate and business policies and procedures of our company.

D. Employees

As of December 31, 2023, we had a total of 9 employees, consisting of three executives, three staff members in the business consultation services business, and three staff members in other functions. We had a total of 9 employees as of December 31, 2022 and 13 employees as of December 31, 2021.

The remuneration package for our employees includes salary, sales commissions and employee share option programs. In accordance with applicable regulations in China, we participate in a number of social insurance schemes, namely, a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a personal injury insurance plan, a maternity insurance and a housing reserve fund for the benefit of all of our employees based in China. We have not experienced any material labor disputes or disputes with the labor department of the PRC government since our inception.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of our ordinary shares as of April 12, 2024 (unless otherwise indicated) by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting power or investment power with respect to securities. The number of ordinary shares beneficially owned including ordinary shares such person has the right to acquire within 60 days of April 12, 2024, the latest practicable date. Such shares, however, are not deemed to be outstanding and beneficially owned for the purpose of computing the percentage ownership of any other shareholder.

The total number of ordinary shares issued and outstanding as of December 31, 2023 was 14,069,445,558 shares (pre-mandatory exchange and share consolidation). The Company issued the 4,545,454,546 ordinary shares (pre-mandatory exchange and share consolidation) to the investor upon receiving the \$5 million from the investor on January 10, 2023.

On December 29, 2022, the Company's Board of Directors approved to proceed with: 1) the share consolidation and simultaneous change of the ADR ratio; 2) the transfer of the register of members of the Company; and 3) the termination of the deposit agreement. Later in January 2023, the Board approved the proposal on the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share and the proposal to cancel the simultaneous ADR ratio change.

The Board approved the transfer of the register of members of the Company from Maples Corporate Services Limited to VStock Transfer, LLC, which will act as the transfer agent of the Company's ordinary shares, upon the suspension of the Company's ADRs program and the commencement of trading the Company's ordinary shares. The Board approved to terminate the Deposit Agreement, as amended (the "Deposit Agreement") effective on February 28, 2023, by and among the Company, Citibank, N.A., and the holders and beneficial owners of American Depositary Shares outstanding under the terms of the Deposit Agreement dated as of April 13, 2015 and as amended. As a result of the Mandatory Exchange and Share Consolidation, ADR holders should receive nine-tenths (0.9) of one (1) new ordinary share for every ADR held immediately before the Effective Date.

On February 28, 2023, the total number of ordinary shares issued and outstanding post the Share Consolidation and Mandatory Exchange was 46,538,116 shares. As of April 12, 2024, the total number of ordinary shares issued and outstanding is 60,819,897.

	Ordinary Shares Beneficially Owned Number	Percentage (%)
Directors and Executive Officers*:		
Shi Qiu	—	—
Alan Curtis	—	—
Daniel Kelly Kennedy	—	—
Sun Qian	—	—
Cheng Hui	—	—
Cong Huang	—	—
Yukuan Zhang	—	—
Principal Shareholders		
Hanqi Li ⁽¹⁾	20,918,312	27.3%
Huangtong International Co., Ltd ⁽²⁾	3,601,320	5.9%
Hexin Global Limited ⁽³⁾	23,076,924	29.5%
Hailei Zhang ⁽⁴⁾	9,120,000	13.5%
Hong Mei Zhou ⁽⁵⁾	18,428,000	24.7%
Xin Rong Gan ⁽⁶⁾	18,400,000	24.7%
Apollo Multi-Asset Growth Fund ⁽⁷⁾	57,007,125	55.0%
Anyu International Limited ⁽⁸⁾	8,000,000	12.0%
Quick Cash Technology Limited ⁽⁹⁾	4,000,000	6.6%

* The business address of the directors and officers is 1330 Avenue of Americas, Fl 33, New York, 10019, United States.

- (1) Hanqi Li held 5,229,579 ordinary shares and warrants which can be exercised to purchase up to 15,688,733 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 76,508,630 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 15,688,733 ordinary shares issuable upon full exercise of warrants held. The mailing address of Hanqi Li is Flat 35/F Tower 9, Grand Yoho, Yuen Long, Hong Kong.

- (2) Huangtong International Co., Ltd held 3,601,320 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 60,819,897 shares issued and outstanding as of April 12, 2024. The mailing address of Huangtong International Co., Ltd is Room 1603, Shui On Centre, Wan Chai, Hong Kong.
- (3) Hexin Global Limited held 5,769,231 ordinary shares and warrants which can be exercised to purchase up to 17,307,693 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 78,127,590 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 17,307,693 ordinary shares issuable upon full exercise of warrants held. The mailing address of Hexin Global Limited is 7/F, 15 Shelter Street, Causeway Bay, Hong Kong.
- (4) Hailei Zhang held 2,280,000 ordinary shares and warrants which can be exercised to purchase up to 6,840,000 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 67,659,897 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 6,840,000 ordinary shares issuable upon full exercise of warrants held. The mailing address of Hailei Zhang is Room 1410, Unit 2, New Inter First Block, Zhongxing Fifth Road, Daya Bay, Huizhou City, Guangdong Province, China.
- (5) Hong Mei Zhou held 4,607,000 ordinary shares and warrants which can be exercised to purchase up to 13,821,000 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 74,640,897 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 13,821,000 ordinary shares issuable upon full exercise of warrants held. The mailing address of Hong Mei Zhou is Building 6, State Veteran's Institute, No. 26, Mengla Road, Jinghong, Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, China.
- (6) Xin Rong Gan held 4,600,000 ordinary shares and warrants which can be exercised to purchase up to 13,800,000 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 74,619,897 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and

13,800,000 ordinary shares issuable upon full exercise of warrants held. The mailing address of Xin Rong Gan is Room 2-204, Building 7, Jindaotian Jinzhou Garden, Luohu District, Shenzhen, Guangdong Province, China.

- (7) Apollo Multi-Asset Growth Fund held 14,251,781 ordinary shares and warrants which can be exercised to purchase up to 42,755,344 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 103,575,241 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 42,755,344 ordinary shares issuable upon full exercise of warrants held. The mailing address of Apollo Multi-Asset Growth Fund is Unit 1603, 16/F Tung Ning Building, 125-126 Connaught Road Central, Sheung Wan, Hong Kong.
- (8) Anyu International Limited held 2,000,000 ordinary shares and warrants which can be exercised to purchase up to 6,000,000 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 66,819,897 ordinary shares, being the sum of 60,819,897 shares issued and outstanding as of April 12, 2024 and 6,000,000 ordinary shares issuable upon full exercise of warrants held. The mailing address of Anyu International Limited is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (9) Quick Cash Technology Limited held 4,000,000 ordinary shares. The percentage of beneficial ownership is calculated based on a denominator of 60,819,897 shares issued and outstanding as of April 12, 2024. The mailing address of Quick Cash Technology Limited is Rm 4, 16/F, Ho King Comm Ctr, 2-16 Fayuen St, Mongkok Kowloon, Hong Kong.

None of our existing shareholders has voting rights that will differ from the voting rights of other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a registrant's action to recover erroneously awarded compensation

None.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

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B. Related Party Transactions

Nature of the relationships with related parties:

Name	Relationship with the Company
Kaiming Hu	Previous owner of NBpay group, former shareholder of MFH
Zhiyou Wang	Former director of MFH's affiliated companies, former shareholder of MFH
Radiance Holding (HK) Limited	Former shareholder of MFH
Wei Zheng	Director of MFH Tech
Ying Wang	Associated with Zhiyou Wang

a) As of December 31, 2023 and 2022, the following balance was due from the related party:

Net Amount due from the related party

		As of December 31, 2023	As of December 31, 2022
		US\$	US\$
Kaiming Hu	(i)	—	—
Wei Zheng	(ii)	—	25,000

- i. The receivable due from Mr. Kaiming Hu is \$556,083 at the end of December 31, 2021, related to capital contribution. Due to the changes of the Company's management and business team in the second half of 2021, the Company failed to collect the receivable from Mr. Kaiming Hu in a timely manner. The Company made full provision for doubtful accounts for this receivable at the end of 2021.
- ii. On September 10, 2022, Mercurity Fintech Technology Holding Inc. ("MFH Tech"), a subsidiary of the Company, provided a loan of US \$25,000 to Mr. Wei Zheng with a term of one year. Mr. Wei Zheng serves as a director of our US subsidiary MFH Tech, and during 2023, this loan was converted into a reserve fund for the Company's new business. Mr. Wei Zheng had the right to continue holding and using the reserve fund. As of December 31, 2023, Mr. Wei Zheng had offset the reserve fund balance with the Company's business expenses advanced by him.

b) As of December 31, 2023 and 2022, the following balance was due to the related party:

Net Amount due to the related party

		As of December 31, 2023	As of December 31, 2022
		US\$	US\$
Zhiyou Wang	(i)	243,219	238,168
Radiance Holding (HK) Limited	(ii)	273,000	273,000
Ying Wang	(iii)	400,000	400,000

- i. The amounts represent the payables of \$243,219 due to Zhiyou Wang related to the Company's borrowing from shareholders because of a temporary shortage of RMB funds. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Zhiyou Wang and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.
- ii. The amounts represent the payables of \$273,000 due to Radiance Holding (HK) Limited related to the Company's borrowing shares from shareholders to pay agency fees with 100,000 ADSs of the Company. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Radiance Holding (HK) Limited and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.

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- iii. On June 13, 2022, the Company issued a promissory note to Ying Wang, a Singapore resident associated with Zhiyou Wang, in the principal amount of up to USD\$5,000,000 to provide for the Company's working capital. The Note has a term of one year with the maturity date on June 1, 2023 and bears no interest other than any applicable imputed interest charged by the appropriate government authority. The balance of the Note may be prepaid at any time before the Maturity Date. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Ying Wang and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Please refer to "Item 18. Financial Statements" for our audited consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, breach of contract and labor and employment claims. Excepts as otherwise disclosed in this annual report, we are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have any material and adverse effect on our business, financial condition, cash flows or results of operations.

Please also refer to certain updates on our crypto assets which were wrongfully seized in the section "Item 5. Operating and Financial Review and Prospects—D. Trend Information."

Dividend Policy

Since our inception, we have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any future determination to pay dividends will be made at the discretion of our board of directors subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Our board of directors' decision to declare and pay dividends may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, the amount of distributions, if any, received by us from our US, Hong Kong and PRC subsidiaries, our general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders, we will rely on dividends distributed by our US, Hong Kong and PRC subsidiaries. Certain payments from our PRC subsidiary to us are subject to PRC taxes, such as withholding income tax. In addition, regulations in China currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Our PRC subsidiary is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to a statutory common reserve fund until the aggregate amount of such reserve fund reaches 50% of the registered capital of such subsidiary. Such statutory reserves are not distributable as loans, advances or cash dividends. Our PRC subsidiary may set aside a certain amount of its after-tax profits to other funds at its discretion. These reserve funds can only be used for specific purposes and are not transferable to the company's parent in the form of loans, advances or dividends. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—We may rely on dividends and other distributions on equity paid by our PRC and Hong Kong subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC and Hong Kong subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business."

B. Significant Changes

In May 2022, we opened the US office in New York and moved our corporate headquarter from Shenzhen to New York.

On July 15, 2022, we incorporated Mercury Fintech Technology Holding Inc.(the "MFH Tech") in New York to develop distributed storage and computing services (including cryptocurrency mining) and business consultation services. We started business consultation services operation in New York since August 2022 and started Filecoin mining operations in the United States since December 2022.

On January 28, 2023, we decided to write off NBpay Investment Limited and its subsidiaries, which are all shell companies without any assets, employees or business.

On April 12, 2023, we completed the incorporation of a U.S. subsidiary, Chaine Securities, Inc. ("Chaine Securities"), which plans to develop financial advisory services, online and traditional brokerage services independently in the future. On May 3, 2023, Chaine Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer.

From April to June 2023, our management reassessed the potential adverse effects of changes in the Company's business environment, and readjusted the Company's business structure and the future development plan. Considering the increasing difficulty of mining in the crypto mining industry and the general losses by top crypto mining enterprises, we have decided to reduce the Company's investment in the crypto mining field. Also considering the enormous uncertainty brought by the cryptocurrency market turmoil in the past two years to the blockchain industry, as well as the regulatory uncertainties, although we have the ability to quickly reorganize the blockchain technical service team, we have still decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform.

After the adjustment of our business strategies, the focuses of our respective operating subsidiaries are as follows: (i) MFH Tech acting as the operating entity of distributed storage and computing services and business and business consultation services in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates with FINRA approval, Chaine Securities to operate our financial advisory services, online and traditional brokerage services in North America; and (iii) Ucon and Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

Except as disclosed in this Item 8B or elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING.

A. Offer and Listing Details

See "C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares are listed on The Nasdaq Capital Market under the symbol "MFH."

D. Selling Shareholders

Not applicable.

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E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, and the Companies Act (As Revised), of the Cayman Islands, which is referred to as the Companies Act below. The following are summaries of material provisions of our fifth amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act, as amended from time to time, or any other law of the Cayman Islands.

Board of Directors

A director is not required to hold any shares in our company by way of qualification. A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with us shall declare the nature of his interest at the meeting of the board of directors at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the board of directors after he knows that he is or has become so interested. Subject to any separate requirement for the approval of the audit committee of the board of directors under applicable law or the listing rules of Nasdaq, and unless disqualified by the chairman of the relevant board meeting, such director may vote with respect to any contract, proposed contract or arrangement in which he is so interested. A director may exercise all the powers of our company to raise or borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital, and issue debentures, bonds or other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third-party. The directors may receive such remuneration as our board may from time to time determine. There is no age limit requirement with respect to the retirement or non-retirement of a director. See also "Item 6. Directors, Senior Management and Employees—C. Board Practices."

Ordinary Shares

General

All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Our fifth amended and restated memorandum and articles of association do not permit us to issue bearer shares.

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Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act and to the fifth amended and restated articles of association. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or our share premium account, and provided further that a dividend may not be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is required by the rules of NASDAQ or demanded, on or before the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of votes attached to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of at least two-thirds of votes cast attached to the ordinary shares in a meeting. A special resolution will be required for

important matters such as a change of name or making changes to our memorandum and articles of association.

General Meetings of Shareholders

Shareholders' meetings may be convened by our board of directors. Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our fifth amended and restated articles of association allow our shareholders holding shares representing in aggregate not less than 30% of our voting share capital in issue, to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our fifth amended and restated articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice in writing of at least ten clear days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a meeting of shareholders consists of at least two shareholders present or by proxy, representing not less than one-third in nominal value of the total issued voting shares in our company.

Transfer of Ordinary Shares

Subject to the restrictions contained in our fifth amended and restated articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists. Our board of directors may also decline to register any transfer of any ordinary share unless (a) the instrument of transfer is lodged with us or such other place at which the register of members is kept in accordance with Cayman Islands law, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of shares; (c) the instrument of transfer is properly stamped, if required and; (e) a fee of such maximum sum as the Nasdaq Capital Market may determine to be payable or such lesser sum as the board may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice requirement of the Nasdaq Capital Market, be suspended and the register closed at such times and for such periods as our directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our directors may determine.

Liquidation

On a return of capital on winding up or otherwise (other than on redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Share Repurchases

We are empowered under our fifth amended and restated memorandum of association to purchase our shares subject to the Companies Act and our fifth amended and restated articles of association. Our fifth amended and restated articles of association provide that this power is exercisable by our board of directors in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit subject to the Companies Act and, where applicable, the rules of the Nasdaq Capital Market and the applicable regulatory authority.

Variations of Rights of Shares

If at any time our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Act, be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class. The special rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (except for our memorandum and articles of association, special resolutions of our shareholders and our register of mortgages and charges). However, our fifth amended and restated articles of association provide our shareholders with the right to inspect our list of shareholders (on such days as our board of directors shall determine) and to receive annual audited financial statements.

Changes in Capital

We may from time to time by ordinary resolution: (a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe; (b) consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares; (c) without prejudice to the powers of the board of directors under our articles of association, divide our shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively and preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the board of directors may determine (d) sub-divide our existing shares, or any of them into shares of a smaller amount; or (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled. We may by special resolution reduce our share capital or any capital redemption reserve in any manner permitted by law.

Register of Members

Under Cayman Islands law, we must keep a register of members and there should be entered therein: (a) the names and addresses of the members, together with a statement of the shares held by each member, and such statement shall confirm (i) the amount paid or agreed to be considered as paid, on the shares of each member; (ii) the number and

category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional; (b) the date on which the name of any person was entered on the register as a member; and (c) the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members should be deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent statutory enactments in England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association.

The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court of the Cayman Islands can be expected to approve the arrangement if it determines that (a) the statutory provisions as to the required majority vote have been met; (b) the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class; (c) the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and (d) the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

When a takeover offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when (a) a company acts or proposes to act illegally or ultra vires; (b) the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and (c) those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our fifth amended and restated memorandum and articles of association permit indemnification of officers and directors against costs, charges, losses, damages, and expenses which are incurred or sustained by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to us shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to us shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices of trusts, or in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our fifth amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our fifth amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third-party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

In addition, directors of a Cayman Islands company must not place themselves in a position in which there is a conflict between their duty to the company and their personal interests. However, this obligation may be varied by the company's articles of association, which may permit a director to vote on a matter in which he has a personal interest provided that he has disclosed that nature of his interest to the board. Our fifth amended and restated memorandum and articles of association provides that a director with an interest (direct or indirect) in a contract or arrangement or proposed contract or arrangement with the company must declare the nature of his interest at the meeting of the board of directors at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the board of directors after he is or has become so interested.

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A general notice may be given at a meeting of the board of directors to the effect that (i) the director is a member/officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice in writing be made with that company or firm; or (ii) he is to be regarded as interested in any contract or arrangement which may after the date of the notice in writing to the board of directors be made with a specified person who is connected with him, will be deemed sufficient declaration of interest. Following the disclosure being made pursuant to our fifth amended and restated memorandum and articles of association and subject to any separate requirement for audit committee approval under applicable law or the listing rules of Nasdaq, and unless disqualified by the chairman of the relevant board meeting, a director may vote in respect of any contract or arrangement in which such director is interested and may be counted in the quorum at such meeting. However, even if a director discloses his interest and is therefore permitted to vote, he must still comply with his duty to act bona fide in the best interest of our company.

In comparison, under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

There are no statutory requirements under Cayman Islands law allowing our shareholders to requisition a shareholders' meeting. However, under our fifth amended and restated articles of association, on the requisition of shareholders representing not less than 30% of the voting rights entitled to vote at general meetings, the board shall convene an extraordinary general meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. Our fifth amended and restated articles of association provide that we may (but shall not be obliged to) in each calendar year hold a general meeting as our annual general meeting.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our fifth amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

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Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our fifth amended and restated articles of association, directors may be removed by an ordinary resolution of shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder

becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Act of the Cayman Islands and our fifth amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders, or by an ordinary resolution on the basis that we are unable to pay our debts as they become due. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our fifth amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under Cayman Islands law, our fifth amended and restated memorandum and articles of association may only be amended by a special resolution of our shareholders.

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Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our fifth amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our fifth amended and restated memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," elsewhere in this annual report or below.

D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange."

E. Taxation

The following is a general summary of the material Cayman Islands, People's Republic of China and U.S. federal income tax consequences relevant to an investment in our ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof as of the date of this annual report, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

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People's Republic of China Taxation

Under the Enterprise Income Tax Law and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, enterprises established outside of China but whose "de facto management body" is located in China are considered "resident enterprises" for PRC tax purposes. Under the applicable implementation

regulations, "de facto management body" is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting, and properties of the enterprise. Substantially all of our management is currently based in China, and may remain in China in the future. If we are treated as a "resident enterprise" for PRC tax purposes, foreign enterprise holders of our ordinary shares may be subject to a 10% PRC income tax upon dividends payable by us and on gains realized on their sales or other dispositions of our ordinary shares. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Under the PRC enterprise income tax law, we could be classified as a 'resident enterprise' of China. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders." In addition, gains derived by our non-PRC individual shareholders from the sale of our shares may be subject to a 20% PRC withholding tax. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends realized by non-PRC individuals, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is unclear either whether our non-PRC shareholders 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.

Material United States Federal Income Tax Considerations

The following summary describes the material U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) of the ownership of our ordinary shares as of the date hereof. Except where noted, this summary deals only with ordinary shares held as capital assets for U.S. federal income tax purposes. As used herein, the term "United States Holder" or "U.S. Holders" means a beneficial owner of our ordinary share or ADS that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of all of the U.S. federal income tax consequences, including those that may be applicable to U.S. Holders if you are subject to special treatment under the United States federal income tax laws, such as:

- a broker-dealer in securities or currencies;
- a bank or other financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a pension plan;
- a cooperative;
- a tax-exempt organization (including a private foundation);
- Certain former U.S. citizens or long-term residents;
- a person holding our ordinary shares as part of a hedging, integrated or conversion transaction, a constructive or wash sale or a straddle;
- a dealer or trader in securities that use the mark-to-market method of accounting;

- a person who owns or is deemed to own 10% or more of our stock (by voter or value);
- a partnership or other pass-through entity for U.S. federal income tax purposes (or an investor therein);
- a person whose "functional currency" for U.S. federal income tax purposes is not the United States dollar;
- a person who acquires our ordinary shares through the exercise of an employee share option or otherwise as compensation; or
- persons holding our ordinary shares in connection with a trade or business, permanent establishment, or fixed place of business outside the United States.

In addition, this discussion does not address any state, local, estate, gift, alternative minimum or non-United States tax considerations, special accounting rules under Section 451(b) of the Code or the Medicare contribution tax on net investment income. Each U.S. Holder is urged to consult its tax advisor regarding the U.S. federal, state, local and non-United States income and other tax considerations of an investment in our ordinary shares.

The discussion below is based upon the provisions of the Code, final, temporary and proposed Treasury regulations promulgated thereunder, rulings, administrative pronouncements and judicial decisions as of the date hereof. Such authorities may be interpreted differently, replaced, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Such partnership or their partners should consult their tax advisors regarding an investment in our ordinary shares.

This summary does not contain a detailed description of all the United States federal income tax consequences that may be applicable to you in light of your particular circumstances and, except as set forth below with respect to PRC tax considerations, does not address the effects of any state, local or non-United States tax laws. If you are considering the purchase, ownership or disposition of our ordinary shares, you should consult your own tax advisors concerning the United States federal income tax

Taxation of Dividends and Other Distributions on our ordinary shares

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of any distributions on our ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in a U.S. Holder's gross income as ordinary income on the day actually or constructively received by the U.S. Holder, in the case of the ordinary shares. Such dividends will not be eligible for the dividends received-deduction allowed to corporations under the Code.

Dividends paid to certain non-corporate United States Holders may be taxable at preferential rates applicable to long-term capital gain if we are treated as a "qualified foreign corporation," provided certain holding period requirements are met (as discussed below). A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on ordinary shares that are readily tradable on an established securities market in the United States. Our ordinary shares are listed on the Nasdaq Capital Market, and thus, pursuant to the United States Treasury Department guidance, our ordinary shares are treated as readily tradable on an established securities market in the United States. Thus, we believe that dividends we pay on our ordinary shares will meet the conditions required for the reduced tax rate.

A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we believe that we would be eligible for the benefits of the income tax treaty between the United States and the PRC (including any protocol thereunder), or the Treaty, and if we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are readily tradable on an established securities market in the United States, would be eligible for the reduced tax rates. For a discussion regarding whether we may be classified as a PRC resident enterprise, see "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation."

Even if dividends we pay on our ordinary shares would be treated as paid by a qualified foreign corporation, non-corporate U.S. Holders will not be eligible for the reduced tax rates if they do not hold our ordinary shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date or to the extent that such U.S. Holders elect to treat the dividend income as "investment income" under the Code. In addition, the tax rate reduction will not apply if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. The U.S. Holders should consult their tax advisors regarding the application of these rules in their particular circumstances.

Non-corporate U.S. Holders will not be eligible for the reduced tax rate on any dividends received from us if we are a PFIC for the taxable year in which such dividends are paid or for the preceding taxable year.

In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid to the U.S. Holder with respect to our ordinary shares. See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation." In that case, PRC withholding taxes on dividends (limited, in the case of a U.S. holder who qualifies for the benefits of the Treaty, to the extent not exceeding the applicable dividend withholding rate under the Treaty) generally will be treated as foreign taxes eligible for credit against the U.S. Holder's United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ordinary shares will be treated as foreign-source income and generally will constitute passive category income. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by a U.S. Holder on a subsequent disposition of the ordinary shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to calculate our earnings and profits in accordance with United States federal income tax principles. Therefore, U.S. Holders should expect that a distribution generally will be treated as a dividend (as discussed above).

Passive Foreign Investment Company

If we are a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares, the U.S. Holder will generally be subject to the special tax rules discussed below, regardless of whether we remain a PFIC, except if the U.S. Holder makes a timely mark-to-market election discussed below.

These special tax rules generally apply to any "excess distribution" (generally any distribution paid during a taxable year to a U.S. Holder which is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ordinary shares) we make to the U.S. Holder and any gain realized from a sale or other disposition of our ordinary shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC with respect to the U.S. Holder (each, a "pre-PFIC year"), will be treated as ordinary income, and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that taxable year; and

- the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares and any of our non-United States subsidiaries, including our VIEs, is also a PFIC, the U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, including our VIEs.

As an alternative to the excess distribution rules discussed above, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to such stock. "Marketable stock" is generally stock that is regularly traded on a qualified exchange.

If the U.S. Holder makes an effective mark-to-market election, which is generally effective for the taxable year for which the election is made and all subsequent taxable years, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of the ordinary shares held at the end of the taxable year over the adjusted tax basis in the ordinary shares, and (ii) deduct as an ordinary loss in each such taxable year the excess, if any, of the adjusted tax basis in the ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. Any gain the U.S. Holder recognizes upon the sale or other disposition of its ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary

loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If we cease to be a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that we are not a PFIC. Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders are urged to consult their tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Instead of making a mark-to-market election, a U.S. investor in a PFIC may generally mitigate the adverse consequences of the excess distribution rules described above by electing to treat the PFIC as a "qualified electing fund" under the Code. However, we do not intend to provide the information necessary for U.S. Holders to make such an election.

We expect to file annual reports on Form 20-F with the U.S. Securities and Exchange Commission in which we will indicate whether we believe we were a PFIC for the relevant taxable year. We do not intend to make any other annual determination or otherwise notify U.S. Holders regarding our status as a PFIC for any taxable year. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of holding our ordinary shares if we are a PFIC in any taxable year.

If a U.S. Holder owns (or is deemed to own) our ordinary shares during any taxable year that we are a PFIC, the U.S. Holder must generally file an annual IRS Form 8621 or such other form as is required by the United States Treasury Department with respect to us. Taxation of Capital Gains

For U.S. federal income tax purposes, a U.S. Holder will generally recognize gain or loss on any sale or exchange of our ordinary shares in an amount equal to the difference between the amount realized for the ordinary shares and the U.S. Holder's adjusted tax basis in the ordinary shares. Subject to the discussion under "—Passive Foreign Investment Company" above, such gain or loss will generally be capital gain or loss. Any capital gain or loss will be long-term if the ordinary shares have been held for more than one year. The deductibility of capital losses may be subject to limitations.

Any such gain or loss the U.S. Holder recognizes will generally be treated as United States source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, if we are treated as a PRC resident enterprise for PRC tax purposes and PRC tax were imposed on any gain, and if the U.S. Holder is eligible for the benefits of the Treaty, the U.S. Holder may elect to treat such gain as PRC source gain under the Treaty and, accordingly, the U.S. Holder may be able to credit the PRC tax against the U.S. Holder's United States federal income tax liability. If the U.S. Holder is not eligible for the benefits of the Treaty or fails to make the election to treat any gain as PRC source, then the U.S. Holder generally would not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of our ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The U.S. Holder will be eligible for the benefits of the Treaty if, for purposes of the Treaty, the U.S. Holder is a resident of the United States, and the U.S. Holder meets other factual requirements specified in the Treaty. Because qualification for the benefits of the Treaty is a fact-intensive inquiry which depends upon the particular circumstances of each investor, U.S. Holders are specifically urged to consult their tax advisors regarding their eligibility for the benefits of the Treaty and the availability of the foreign tax credit and the election to treat any gain as PRC source under their particular circumstances.

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Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting

Certain U.S. Holders who are individuals (and under proposed regulations, certain entities) may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) on IRS Form 8938. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are not subject to the insider short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act.

All information that we have filed with the SEC can be accessed through the SEC's website at www.sec.gov. This information can also be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <https://mercurityfintech.com/annual-reports/>. In addition, we will provide hard copies of our annual report free of charge to shareholders upon request.

I. Subsidiary Information

For a list of our subsidiaries, see "Item 4. Information on the Company—C. Organizational Structure."

J. Annual Report to Security Holders

Not applicable.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments that expose us to concentrations of credit risk primarily consist of cash and short-term investment. The maximum amount of loss due to credit risk in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in our consolidated balance sheets.

We are exposed to various types of market risks, including changes in foreign exchange rates, service prices and inflation in the normal course of business.

Market price risk of digital assets

The price of Filecoin has experienced significant fluctuations over its existence and may continue to fluctuate significantly in the future. The price of Filecoin has likewise experienced significant fluctuation over its existence since we started the Filecoin mining business in December 2022.

We expect our results of operations to continue to be affected by the Filecoin price as most of our revenue is from Filecoin mining production as of the date of this report. Any future significant reductions in the price of Filecoin will likely have a material and adverse effect on our results of operations and financial condition. We cannot assure you that the Filecoin price will remain high enough to sustain our operation or that the Filecoin price will not decline significantly in the future. Furthermore, Filecoin price can have an immediate impact on the trading price of our Ordinary Shares even before our financial performance is affected, if at all. Various factors, mostly beyond our control, could impact the Filecoin price.

Foreign Exchange Risk

Our contractual agreements are primarily denominated in U.S. dollars, which serves as our functional currency for financial reporting. However, we incur certain operational expenses in the local currencies of the jurisdictions in which we operate, including Hong Kong and the PRC. Consequently, fluctuations in foreign currency exchange rates may impact our financial performance. Historically, foreign currency transaction gains and losses have not been material to our financial statements.

Interest Rate Risk

We are subject to risks resulting from fluctuations in interest rates on our bank balances. To the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates would increase the cost of new debt. We do not currently use any derivative instruments to manage our interest rate risk.

Inflation risk

Inflationary factors such as increases in the cost of our services and overhead costs may adversely affect our operating results. A high rate of inflation may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our services do not increase proportionately with these increased costs.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

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C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure and procedures (as defined in Rule 13a 11) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a 15(b) under the Exchange Act. Based upon that evaluation, our management has concluded that, as of December 31, 2023, our disclosure controls and procedures were not effective, due to the material weakness identified by us, which is described below under "Management's Annual Report on Internal Control over Financial Reporting."

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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

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Under the supervision of and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). As part of our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023, management identified the following material weakness:

- The Company did not adequately design and implement effective controls to ensure a high security of the Company's hardware cold wallets for cryptocurrency assets.
- The Company did not adequately design and implement controls over the assessment of the appropriateness of its accounting policies regarding certain cryptocurrency transactions.
- The Company did not develop a detailed cryptocurrency investment strategy, which had resulted in a lack of specific operational standards for many internal controls related to crypto assets.
- The current scale of the Company's business is relatively small, and the new businesses are still in the early stages. Certain team members of the Company are responsible for multiple functions, including accounting, business development and operations. Some of the holding company's officers and employees also hold various positions at some of the Company's subsidiaries.
- The Company's financial management function is yet to be improved in various aspects, including but not limited to that: a) our supervision and approval procedures in financial accounting and financial statement disclosure are not rigorous enough, b) we lack a comprehensive and effective internal audit system, and c) we do not have sufficient number of skilled financial and accounting personnel and have yet to provide periodic professional and business training to our current financial personnel.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

This material weakness did not result in any identified material misstatements to the financial statements, but resulted in revision of previously issued financial statements. Based on this material weaknesses, management concluded that at December 31, 2023, internal control over financial reporting was not effective.

Remediation

Our Board of Directors, Audit Committee and management take internal control over financial reporting and the integrity of our financial statements seriously.

Our management is responsible for its assessment of the effectiveness of internal controls over financial reporting and is committed to improving its controls related to the material weaknesses described above, such that these controls are designed, implemented, and operating effectively.

Following the identification of this material weakness described above, our management commenced implementation of a remediation plan. The remediation plan includes the following steps to improve our internal control over financial reporting:

- We are engaging a third-party specialist to assist our management to assess the appropriateness of its accounting policies regarding certain key business transactions to address significant risks.
- We are taking some improvements to strengthen our internal control over the asset management.
- We are providing additional appropriate U.S. GAAP accounting and financial reporting training for financial reporting and accounting personnel, especially training related to accounting policies and accounting estimates applicable to cryptocurrency business.
- We will further promote the independence of each business entity and function to improve the internal control system of the Group's business structure. With the development of our business, we will continuously improve the organizational structure, enhance the functions of various departments, expand the workforce, and on this basis, improve the various internal control systems and processes of the Company.

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• We will add an accounting manager in 2024, responsible for supervising accounting work, reviewing financial accounting content, and specifically responsible for preparing the Company's financial statements, as well as assisting the CFO in the disclosure of financial reports. With the continuous expansion of the Company's future business scale, we may recruit more financial personnel to meet more accounting and financial management needs.

• As the Company's business develops, we will fill the role of the internal audit manager. The internal audit manager will be responsible for regularly evaluating the integrity of the Company's internal controls, supervising the effective implementation of internal control systems, and reporting directly to the Audit Committee.

While we intend to fully address the material weakness and significant deficiency in our internal control over financial reporting by the end of 2024, the foregoing remediation measures may not be sufficient and we may need to implement additional measures and enhance their implementation. We are not able to estimate with reasonable certainty the costs that we will need to incur to implement these and other measures designed to improve our internal control over financial reporting. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. See "Item 3. Key Information—D. Risk Factors — Risks Relating to Our Business and Industry — We have failed to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our shares may be adversely impacted."

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting, because we are neither a "large accelerated filer" nor an "accelerated filer" as such terms are defined in Rule 12b-2 under the Exchange Act.

Changes in Internal Control over Financial Reporting

We have established our U.S. subsidiary Mercury Fintech Technology Holding Inc. as one of our main business entities. Our business and management have undergone significant changes and are distributed in different regions such as New York, Hong Kong, and Shenzhen. We have designed and implemented new internal control processes and systems based on changes in the Company's business and personnel. Except for the material weakness identified as of December 31, 2023, the remedial measures and except for the changes described above, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 16. [Reserved]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Hui Cheng, chairman of our audit committee, meets the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC and meets the criteria for independence set forth in Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics which is applicable to our directors, officers and employees. We have filed our revised code of business conduct and ethics as an exhibit to this annual report.

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ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our principal external accounting firms.

	For the year Ended December 31,		
	2023	2022	2021
Audit Fees	167,500	269,500	127,200
Audit-Related Fees	42,000	30,000	36,000
All Other Fees	18,600	—	20,000
Total	\$ 228,100	\$ 299,500	\$ 183,200

Audit Fees — This category includes the audit of our annual financial statements and services that are normally provided by the independent auditors in connection with engagements for those fiscal years.

Audit-Related Fees — This category consists of assurance and related services by the independent auditors that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under "Audit Fees".

All Other Fees — This category consists of fees for other miscellaneous items.

The policy of our audit committee is to pre-approve all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On January 27, 2023, we dismissed Shanghai Perfect C.P.A. Partnership as our independent registered public accounting firm. Effective from January 27, 2023, we appointed Onestop Assurance PAC, or Onestop, as our new independent registered public accounting firm. The change of our independent registered public accounting firm was previously filed and reported in our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 25, 2023.

ITEM 16G. CORPORATE GOVERNANCE

We are incorporated in the Cayman Islands and our corporate governance practices are governed by applicable Cayman Islands law. In addition, because our ordinary shares are listed on The Nasdaq Capital Market, we are subject to Nasdaq's corporate governance requirements. Nasdaq Stock Market Rule 5615(a)(3) permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Rule 5600, provided that such foreign private issuer discloses in its annual report filed with the SEC each requirement of Rule 5600 that it does not follow and describes the home country practice followed in lieu of such requirement.

Nasdaq Marketplace Rule 5615(a)(3) permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Rule 5600, provided that such foreign private issuer discloses in its annual report filed with the SEC each requirement of Rule 5600 that it does not follow and describes the home country practice followed in lieu of such requirement.

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We have informed Nasdaq that we will follow home country practice in place of all of the requirements of Rule 5600 other than those rules which we are required to follow pursuant to the provisions of Rule 5615(a)(3).

- Rule 5605(b), pursuant to which (i) a majority of the board of directors must be comprised of Independent Directors, and (ii) the Independent Directors must have regularly

scheduled meetings at which only Independent Directors are present.

- Rule 5605(c) (other than those parts as to which the home country exemption is not applicable), pursuant to which each company must have, and certify that it has and will continue to have, an audit committee of at least three members, each of whom must meet criteria set forth in Rule 5605(c)(2) (A).
- Rule 5605(d), pursuant to which each company must (i) certify that it has adopted a formal written compensation committee charter and that the compensation committee will review and reassess the adequacy of the formal written charter on an annual basis, and (ii) have a compensation committee of at least two members, each of whom must be an Independent Director.
- Rule 5605(e), pursuant to which director nominees must be selected, or recommended for the Board's selection, either by Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate, or a nominations committee comprised solely of Independent Directors.
- Rule 5610, pursuant to which each company shall adopt a code of conduct applicable to all directors, officers and employees.
- Rule 5620(a), pursuant to which each company listing common stock or voting preferred stock, or their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end.
- Rule 5620(b), pursuant to which each company shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of such proxy solicitation to Nasdaq.
- Rule 5620(c), pursuant to which each company that is not a limited partnership shall provide for a quorum as specified in its by-laws for any meeting of the holders of common stock; provided, however, that in no case shall such quorum be less than 33 1/3% of the outstanding shares of the company's common voting stock.
- Rule 5630, pursuant to which each company that is not a limited partnership shall conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis by the company's audit committee or another independent body of the board of directors.
- Rule 5635(a), pursuant to which shareholder approval is required in certain circumstances prior to an issuance of securities in connection with the acquisition of the stock or assets of another company.
- Rule 5635(b), pursuant to which shareholder approval is required prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the company.
- Rule 5635(c), pursuant to which shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants, subject to certain exceptions.
- Rule 5635(d), pursuant to which shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving:
 - the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or Substantial Shareholders of the company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or

- the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

In July 2022, we were conclusively listed by the SEC as an SEC-Identified Issuer under the Holding Foreign Companies Accountable Act following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. Our auditor Shanghai Perfect C.P.A. Partnership, a registered public accounting firm that the PCAOB was unable to inspect or investigate completely in 2021, issued the audit report for us for the fiscal year ended December 31, 2021.

As of the date of this annual report and to the best of our knowledge, we note that:

1. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed the mainland of China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. In addition, on January 27, 2023, we dismissed Shanghai Perfect C.P.A. Partnership as our independent registered public accounting firm. Effective from January 27, 2023, we appointed Onestop Assurance PAC, or Onestop, as our new independent registered public accounting firm. Onestop is an independent public accounting firm headquartered in Singapore and registered with the PCAOB and is subject to U.S. laws pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor Onestop is subject to inspection by the PCAOB, the most recent inspection was in 2023. For these reasons, we do not expect to be identified as an SEC-Identified Issuer under the Holding Foreign Companies Accountable Act for future filings of our annual report on Form 20-F.
2. No governmental entities in the PRC, the Cayman Islands, the British Virgin Islands, Hong Kong, Singapore or the United States owns any shares of our Company or any of our operating entities;
3. No governmental entities in China (i.e., the applicable foreign jurisdiction with respect to Shanghai Perfect C.P.A. Partnership, our auditor for the financial years ended December 31, 2019, 2020 and 2021) has a controlling financial interest in our Company or any of our operating entities; and
4. None of the members of the board of directors of our Company or our operating entities is an official of the Chinese Communist Party.

In addition, as of the date of this annual report, none of the currently effective memorandum and articles of association of our Company or any of our operating entities contains any wording from any charter of the Chinese Communist Party. See Exhibit 99.1 with regards to the certification by our chief executive officer on matters relating to Item 16I(a) of Form 20-F.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy and procedures governing the purchase, sale, and other dispositions of the Company's securities by insiders that are designed to promote compliance with applicable insider trading laws, rules and regulations. Please refer to Exhibit 11.2 of this Annual Report.

ITEM 16K. CYBERSECURITY

We understand the critical necessity of establishing robust cybersecurity measures to protect our information systems and ensure the confidentiality, integrity, and availability of our data. Our company has put in place policies and procedures to assess, identify, and manage cybersecurity risks effectively. We regularly evaluate potential threats to our information systems and conduct both scheduled and spontaneous assessments to identify vulnerabilities. Based on these assessments, we determine the need to enhance or adjust our safeguards to mitigate risks and address any existing gaps. The responsibility for overseeing this risk assessment and mitigation process lies with our IT leadership, who reports directly to our CEO.

To ensure the effectiveness of our safeguards, we continuously monitor and test them, while also providing training to our employees in collaboration with HR, IT, and management, fostering a company-wide culture of cybersecurity risk management. During the financial year ended December 31, 2023, we did not encounter any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition.

Our board of directors holds the responsibility for monitoring and evaluating strategic risk exposure, including cybersecurity risks. They oversee this function both collectively and through the audit committee. Additionally, our executive management team regularly updates the Audit Committee on cybersecurity risks, with at least an annual frequency. Our cybersecurity coordinator, working closely with the IT team, assesses and manages cybersecurity risks, reporting directly to the CEO. This ensures that senior management remains well-informed about our cybersecurity posture and any potential risks facing the company.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our audited consolidated financial statements are included at the end of this annual report.

ITEM 19. EXHIBITS.

- 1.1* [Fifth Amended and Restated Memorandum and Articles of Association of the Registrant](#)
- 2.1 [Description of Securities \(incorporated by reference to exhibit 2.3 of our annual report on Form 20-F filed with the SEC on June 12, 2020\)](#)
- 2.2 [Specimen Certificate for Ordinary Shares \(incorporated by reference to exhibit 4.2 to our F-1 registration statement \(File No. 333-201413\) initially filed with the SEC on January 9, 2015\)](#)
- 4.1 [Amended and Restated 2011 Share Incentive Plan \(incorporated by reference to exhibit 10.1 to our S- 8 registration statement \(File No. 333-206466\) filed with the SEC on August 19, 2015\)](#)
- 4.2 [2020 Share Incentive Plan \(incorporated by reference to Exhibit 4.2 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.3 [2021 Share Incentive Plan \(incorporated by reference to exhibit 10.1 to our S- 8 registration statement \(File No. 333-259774\) filed with the SEC on September 24, 2021\)](#)
- 4.4 [2022 Share Incentive Plan \(incorporated by reference to exhibit 4.4 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.5 [Share Purchase Agreement, dated as of September 2, 2021, by and between the Registrant and TEO TECHNOLOGY CO., LIMITED, GUANRUI TECHNOLOGY CO., LIMITED and Xuan Ying Co., Ltd \(incorporated by reference to Exhibit 4.7 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.6 [Share Purchase Agreement, dated as of September 27, 2021, by and between the Registrant and Newlight X Ltd. \(incorporated by reference to Exhibit 4.9 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.7 [Share Purchase Agreement, dated as of September 27, 2021, by and between the Registrant and Castlewood Fintech Ltd. \(incorporated by reference to Exhibit 4.10 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.8 [Share Purchase Agreement, dated as of September 27, 2021, by and between the Registrant and Brighton Fintech Ltd. \(incorporated by reference to Exhibit 4.11 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.9 [English translation of Termination Agreement Re Existing Control Documents, dated as of January 15, 2022, by and among Beijing Lianji Future Technology Co., Ltd., Beijing Lianji Technology Co., Ltd. and the shareholders of Beijing Lianji Technology Co., Ltd. \(incorporated by reference to exhibit 10.1 to current report on Form 6-K filed with the SEC on February 7, 2022\)](#)
- 4.10 [English translation of Termination Agreement Re Existing Control Documents, dated as of January 15, 2022, by and among Beijing Lianji Future Technology Co., Ltd., Mercury \(Beijing\) Technology Co., Ltd. and the shareholders of Mercury \(Beijing\) Technology Co., Ltd. \(incorporated by reference to exhibit 10.2 to current report on Form 6-K filed with the SEC on February 7, 2022\)](#)
- 4.11 [Promissory note in the principal amount of up to USD\\$5,000,000 dated June 13, 2022 \(incorporated by reference to exhibit 4.1 to current report on Form 6-K filed with the SEC on June 17, 2022\)](#)
- 4.12 [Share Purchase Agreement, dated as of November 11, 2022 \(incorporated by reference to exhibit 4.12 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.13 [Share Purchase Agreement, dated as of November 30, 2022 \(incorporated by reference to exhibit 4.13 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.14 [Asset Purchase Agreement, dated as of December 15, 2022 \(incorporated by reference to exhibit 4.14 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.15 [Share Purchase Agreement, dated as of December 23, 2022 \(incorporated by reference to exhibit 4.15 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.16 [Securities Purchase Agreement dated as of January 31, 2023, for the issuance of an Unsecured Convertible Promissory Note \(incorporated by reference to exhibit 4.16 of our annual report on Form 20-F filed with the SEC on April 25, 2023\)](#)
- 4.17 [The Chief Executive Officer Employment Agreement with Mercury Fintech Holding Inc. \(incorporated by reference to Exhibit 4.17 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 4.18 [The Chief Operating Officer Employment Agreement with Mercury Fintech Holding Inc. \(incorporated by reference to Exhibit 10.1 of Form 6-K filed with the SEC on October 18, 2022\)](#)
- 4.19*+ [Filecoin Mining Service Contract between Mercury Fintech Technology Holding Inc and Origin Storage Pte. Ltd. dated December 5, 2023.](#)
- 8.1* [List of Subsidiaries of the Registrant](#)
- 11.1 [Revised Code of Business Conduct and Ethics of the Registrant \(incorporated by reference to Exhibit 11.1 of the annual report on Form 20-F filed with the SEC on June 15, 2022\)](#)
- 11.2* [Insider Trading Policy of the Registrant](#)
- 12.1* [Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002](#)
- 12.2* [Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002](#)

- 13.1** [Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002](#)
13.2** [Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002](#)
15.1* [Consent of Onestop Assurance PAC](#)
97.1 [Policy for Recovery of Erroneously Awarded Compensation \(incorporated by reference to exhibit 99.1 of our current report on Form 6-K filed with the SEC on December 1, 2023\)](#)
99.1* [Certification by chief executive officer on matters relating to Item 16\(a\) of Form 20-F](#)
99.2* [Coinbase Prime Broker Agreement with Coinbase, Inc.](#)

* Filed herewith

** Furnished herewith

+ Certain portions of this exhibit have been redacted because it is both not material and is the type of information that the Company treats as private or confidential. The Company agrees to furnish supplementally an unredacted copy of this exhibit to the SEC upon its request.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Mercurity Fintech Holding Inc.
(Registrant)

Date: April 22, 2024

By: /s/ Shi Qiu
Shi Qiu
Chief Executive Officer

Date: April 22, 2024

By: /s/ Yukuan Zhang
Yukuan Zhang
Chief Financial Officer

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MERCURITY FINTECH HOLDING INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Mercurity Fintech Holding Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mercurity Fintech Holding Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2023, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for each of the three years period ended December 31, 2021, 2022 and 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the three years in period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Restatement of 2021 and 2022 Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2021 and 2022 financial statements have been restated to correct certain misstatements.

Going Concern Uncertainty

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has incurred recurring operating losses and negative cash flows from operating activities and has an accumulated deficit, which 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 3. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated 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 consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Going Concern

At December 31, 2023, the Company has incurred recurring operating losses of \$9.4 million and negative cash flows from operating activities of \$2.8 million and has an accumulated deficit of \$677 million, which raise substantial doubt about its ability to continue as a going concern. Management plans to expand business and financial consultation services, financial advisory services and brokerage services and distributed storage and computing services.

We determined that Company's ability to continue as a going concern is a critical matter due to the estimation and uncertainty regarding the risk of bias in management's judgement and assumptions in their determination.

Our principal audit procedures relating to the going concern:

- Obtaining an understanding, and evaluating management's assessment on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time;
- Assessing the management's plans and obtaining sufficient appropriate audit evidence to determine whether or not substantial doubt can be alleviated or still exists;
- Review the relevant disclosures to the consolidated financial statements.

Impairment of Intangible Assets

As noted in Note 10 of the financial statements, the Company has recorded its digital currencies as intangible assets, with a carrying amount of \$0.7 million. As of December 31, 2023, the Company has impaired its intangible assets by \$4.2 million, which includes an impairment loss of \$3.9 million incurred on December 31, 2023, for Bitcoin and USDC, both of which the Company no longer controls. The Company estimated the fair values of the Filecoin based on the intraday low prices daily and recognized an impairment loss of \$0.3 million for the year ended December 31, 2023.

The principal consideration for our determination that auditing impairment of intangible assets is a critical audit matter is due to the degree of complexity and judgment used by management in developing the fair value measurement, which led to a high degree of audit judgment and subjectivity and significant effort in performing procedures relating to fair value measurement. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included (1) reviewing procedures of management's impairment assessment, (2) evaluating the reasonableness of the valuation methodology used by management and (3) testing the completeness and accuracy of the underlying data used by the management.

Legal Proceeding of Intangible Assets Stored in the Out-of-control Cold Wallets

As disclosed in Note 10 of the financial statements, the book value of Bitcoins and USD Coins stored in the Company's out-of-control wallets as of December 31, 2023, which totaled \$3.9 million, has been fully impaired. This is due to significant uncertainty regarding the recovery of these assets. As of the date of this report, the recovery proceedings have not yet concluded and the digital assets are held temporarily by the Public Security Bureau.

We determined that the legal proceeding is 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.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included (1) obtaining and evaluating the legal opinion provided by external legal counsel; (2) evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable; (3) evaluating the sufficiency of the Company's disclosures related to legal proceedings.

/s/ Onestop Assurance PAC

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

Singapore

April 22, 2024

	Note	December 31, 2023	December 31, 2022
ASSETS:			
Current assets:			

Cash and cash equivalents	5	16,117,949	7,446,664
Security deposit	6	33,700	33,909
Short-term investments	7	2,319,247	—
Interest receivable		12,594	—
Prepaid expenses and other current assets, net	8	5,212,285	10,925
Amounts due from related parties	20	—	25,000
Total current assets		\$ 23,695,775	\$ 7,516,498
Non-current assets:			
Operating right-of-use assets, net	16	556,104	873,878
Property and equipment, net	9	4,758,279	5,961,173
Intangible assets, net	10	705,309	4,233,228
Security deposit	6	57,300	57,300
Prepayments for long-term asset	11	120,000	—
Long term equity investments	12	160,000	—
Deferred tax assets	17	342,369	251,005
Total non-current assets		\$ 6,699,361	\$ 11,376,584
TOTAL ASSETS		\$ 30,395,136	\$ 18,893,082

LIABILITIES AND SHAREHOLDER'S EQUITY:

Current liabilities:			
Convertible Note	14	9,000,000	—
Interest payable	15	423,131	—
Accrued expenses and other current liabilities	13	1,588,562	236,490
Amounts due to related parties	20	916,219	923,596
Operating lease liabilities	16	352,178	269,675
Total current liabilities		\$ 12,280,090	\$ 1,429,761

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	<u>Note</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
LIABILITIES AND SHAREHOLDER'S EQUITY (CONTINUED):			
Non-current liabilities:			
Operating lease liabilities	16	282,279	634,457
Total non-current liabilities		\$ 282,279	\$ 634,457
TOTAL LIABILITIES		\$ 12,562,369	\$ 2,064,218
Commitments and contingencies	21		
Shareholders' equity:			
Ordinary shares (\$0.004 par value, 1,000,000,000 shares authorized as of December 31, 2023 and December 31, 2023, and 35,174,479 and 60,819,897 shares issued and outstanding as of December 31, 2022 and December 31, 2023, the above par value and number of shares as of December 31, 2022 have been restated based on the data after the share consolidation on February 28, 2023)			
	18	243,298	140,716
Additional paid-in capital		693,093,915	682,848,997
Accumulated deficit		(676,677,485)	(667,320,289)
Accumulated other comprehensive (loss)/income		1,173,039	1,159,440
Total shareholders' equity		\$ 17,832,767	\$ 16,828,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 30,395,136	\$ 18,893,082

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

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	<u>Note</u>	<u>For the year Ended December 31,</u>		
		<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:				
Business consultation services		160,000	80,000	—
Distributed storage and computing services		285,928	783,438	664,307
Technical services		—	—	5,864
Total Revenue		\$ 445,928	\$ 863,438	\$ 670,171

Cost of Revenue:			
Business consultation services	(138,092)	(19,000)	—
Distributed storage and computing services	(1,286,220)	(1,361,600)	(702,679)
Total Cost of Revenue	\$ (1,424,312)	\$ (1,380,600)	\$ (702,679)
Gross loss	\$ (978,384)	\$ (517,162)	\$ (32,508)
Operating expenses:			
Sales and marketing	(449,900)	(35,000)	—
General and administrative	(2,515,291)	(2,156,063)	(10,351,357)
Provision for doubtful accounts	—	(3,138)	(1,750,909)
(Loss)/income on disposal of intangible assets	—	(29,968)	121,020
Impairment loss of property and equipment	9 (307,733)	—	—
Impairment loss of intangible assets	10 (4,248,085)	(3,144,053)	(1,292,568)
Total operating expenses	\$ (7,521,009)	\$ (5,368,222)	\$ (13,273,814)
Operating loss from continuing operations	\$ (8,499,393)	\$ (5,885,384)	\$ (13,306,322)
Interest (expenses)/income, net	(196,055)	5,118	1,083
Financing costs	(450,000)	—	—
Other (expenses)/income, net	2,379	1,248	(143)
Loss on market price of short-term investment	(226,210)	—	—
Loss from selling short-term investments	(78,693)	—	—
Loss from disposal of subsidiaries	—	(4,664)	—
Loss before provision for income taxes	\$ (9,447,972)	\$ (5,883,682)	\$ (13,305,382)
Income tax benefits	17 90,776	248,711	—
Loss from continuing operations	\$ (9,357,196)	\$ (5,634,971)	\$ (13,305,382)
Discontinued operations:			
Loss from discontinued operations	—	—	(8,360,322)
Net loss	\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)
Net loss attributable to holders of ordinary shares of Mercury Fintech Holding Inc.	\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(In U.S. dollars, except for number of shares and per share (or ADS) data)

		For the year Ended December 31,		
	Note	2023	2022	2021
			(as restated)	(as restated)
Numerator				
Net loss attributable to holders of ordinary shares of Mercury Fintech Holding Inc.				
		\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)
Continuing operations		(9,357,196)	(5,634,971)	(13,305,382)
Discontinued operations		—	—	(8,360,322)
Denominator				
Weighted average shares used in calculating basic net loss per ordinary share	2	45,841,825	14,435,674	9,720,934
Weighted average shares used in calculating diluted net loss per ordinary share	2	45,841,825	14,435,674	9,720,934
Net Loss per ordinary share				
Basic	2	(0.20)	(0.39)	(2.23)
Diluted	2	(0.20)	(0.39)	(2.23)
Net Loss per ordinary share from continuing operation				
Basic	2	(0.20)	(0.39)	(1.37)
Diluted	2	(0.20)	(0.39)	(1.37)
Net Loss per ordinary share from discontinued operation				
Basic	2	—	—	(0.86)
Diluted	2	—	—	(0.86)

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

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	Note	For the year Ended December 31,		
		2023	2022 (as restated)	2021
Net loss		\$ (9,357,196)	\$ (5,634,971)	\$ (21,665,704)
Change in cumulative foreign currency trans adjustment		13,599	28,289	3,285
Change in disposal of subsidiaries		—	31,284	—
Comprehensive loss		\$ (9,343,597)	\$ (5,575,398)	\$ (21,662,419)

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	Ordinary shares		Additional paid-in Capital	Accumulated deficit	Accumulated Other comprehensive loss	Total Mercury Fintech Holding Inc. shareholders' equity	Total Shareholders' equity
	Number of Shares	Amount					
Balance as of January 1, 2023 (as restated)	35,174,479	140,716	682,848,997	(667,320,289)	1,159,440	16,828,864	16,828,864
Share-based compensation	20,000	80	61,920			62,000	62,000
Issuance of shares as a consideration for professional services	10,000	40	15,460			15,500	15,500
Issuance of shares in the private placement (Note 18)	25,615,418	102,462	10,167,538	—	—	10,270,000	10,270,000
Net loss	—	—	—	(9,357,196)	—	(9,357,196)	(9,357,196)
Foreign currency translation	—	—	—	—	13,599	13,599	13,599
Balance as of December 31, 2023	60,819,897	243,298	693,093,915	(676,677,485)	1,173,039	17,832,767	17,832,767

We have revised the number of ordinary shares amounts on January 1, 2023 to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	Ordinary shares		Additional paid-in Capital	Accumulated deficit	Accumulated Other comprehensive loss	Total Mercury Fintech Holding Inc. shareholders' equity	Total Shareholders' equity
	Number of Shares	Amount					
Balance as of January 1, 2022 (as restated)	12,345,655	49,401	668,183,689	(661,685,318)	1,099,867	7,647,639	7,647,639
Share-based compensation (as restated)	514,500	2,058	556,337	—	—	558,395	558,395
Issuance of shares as a consideration for acquisition (as restated)	6,795,455	27,182	6,270,746	—	—	6,297,928	6,297,928
Issuance of shares in the private placement (as restated)	15,518,869	62,075	7,838,225	—	—	7,900,300	7,900,300
Net loss (as restated)	—	—	—	(5,634,971)	—	(5,634,971)	(5,634,971)
Foreign currency translation	—	—	—	—	28,289	28,289	28,289
Disposal of subsidiaries (as restated)	—	—	—	—	31,284	31,284	31,284
Balance as of December 31, 2022 (as restated)	35,174,479	140,716	682,848,997	(667,320,289)	1,159,440	16,828,864	16,828,864

We have revised the number of ordinary shares amounts to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	Ordinary shares		Additional paid-in Capital	Accumulated deficit	Accumulated Other comprehensive loss	Total Mercury Fintech Holding Inc. shareholders' equity	Total Shareholders' equity
	Number of Shares	Amount					
Balance as of January 1, 2021 (as restated)	7,446,560	29,805	649,145,830	(640,019,614)	1,096,582	10,252,603	10,252,603
Share options exercised (as restated)	9,007	36	13,058	—	—	13,094	13,094
Share-based compensation (as restated)	1,507,945	6,032	8,343,830	—	—	8,349,862	8,349,862
Issuance of shares in the private placement (as restated)	3,383,143	13,528	10,680,971	—	—	10,694,499	10,694,499
Net loss	—	—	—	(21,665,704)	—	(21,665,704)	(21,665,704)

Foreign currency translation	—	—	—	—	3,285	3,285	3,285
Balance as of December 31, 2021 (as restated)	12,345,655	49,401	668,183,689	(661,685,318)	1,099,867	7,647,639	7,647,639

We have revised the number of ordinary shares amounts to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	For the year Ended December 31,		
	2023	2022	2021
		(as restated)	
Cash flows from operating activities:			
Net loss	(9,357,196)	(5,634,971)	(21,665,704)
Less: Net loss from discontinued operations		—	(8,360,322)
Net loss from continuing operations	(9,357,196)	(5,634,971)	(13,305,382)
Adjustments to reconcile net loss to net cash used in operating activities:			
Provision for doubtful accounts	—	3,138	1,750,909
Impairment loss of property and equipment	307,733	—	—
Impairment loss of intangible assets	4,248,085	3,144,053	1,292,568
Depreciation of property and equipment	898,968	28,950	—
Loss from selling short-term investments	78,693	—	—
Exchange gains and losses	6,844	—	—
Loss on market price of short-term investment	229,536	—	—
Interest income from short-term investment	(72,291)	—	—
Interest cost of convertible note	410,548	—	—
Financial advisory fees for convertible note	450,000	—	—
Stock-based compensation	77,500	558,395	8,349,862
Loss from disposal of subsidiaries	—	4,664	—
Loss from disposal of intangible assets	—	29,968	—
Other (expenses)/income	—	23,318	—
Changes in operating assets and liabilities, net of effect of acquisitions:			
Disposal of digital assets	—	—	325,987
Digital assets generated from mining business	(285,928)	(783,438)	(664,307)
Digital assets received as payment	—	—	(5,864)
Digital assets used to pay expenses	—	—	2,141,375
Accounts receivable, net of allowance	—	—	380,510
Prepaid expenses and other current assets	(176,360)	1,281,109	(1,105,481)
Right-of-use assets	317,774	(873,878)	—
Deferred tax assets	(91,364)	(251,005)	—
Accounts payable	(22,075)	22,075	—
Advance from customers	40,000	80,000	—
Accrued expenses and other current liabilities	419,793	(87,867)	(184,429)
Lease liabilities	(269,675)	904,132	—
Net cash used in continuing operations	\$ (2,789,415)	\$ (1,551,357)	\$ (1,024,252)
Net cash used in discontinued operations	—	—	(386,777)
Net cash used in operating activities	\$ (2,789,415)	\$ (1,551,357)	\$ (1,411,029)
Cash flows from investing activities:			
Disposal of digital assets	—	968,934	—
Cash from selling short-term investments	3,434,764	—	—
Cash from receiving short-term investment interests and dividends	48,089	—	—
Payments for purchasing property and equipment	(3,808)	(7,222)	—
Prepayments for purchasing property and equipment, which has been converted into a pending refund due to the cancellation of the purchase agreement	(3,000,000)	—	—
Cash paid for short-term investments	(8,038,049)	—	—
Cash paid for long-term equity investments	(160,000)	—	—
Advance payment for acquisition	(120,000)	—	—
Loan to affiliate person	—	(25,000)	—
Net cash (used in)/provided by continuing operations	\$ (7,839,004)	\$ 936,712	\$ —
Net cash (used in)/provided by discontinued operations	—	—	—
Net cash (used in)/provided by investing activities	\$ (7,839,004)	\$ 936,712	\$ —

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

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MERCURY FINTECH HOLDING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In U.S. dollars, except for number of shares and per share (or ADS) data)

	For the year Ended December 31,		
	2023	2022	2021
Cash flows from financing activities:			

Issuance of common stock	11,000,000	7,900,300	713,082
Borrowings	—	400,000	935,793
Cash paid for debt	—	(579,875)	(93,091)
Convertible notes	9,000,000	—	—
Financing costs	(700,000)	—	—
Net cash provided by continuing operations	\$ 19,300,000	\$ 7,720,425	\$ 1,555,784
Net cash provided by discontinued operations	—	—	120,419
Net cash provided by financing activities	\$ 19,300,000	\$ 7,720,425	\$ 1,676,203
Effect of exchange rate changes by continuing operations	(505)	(8,543)	2,953
Effect of exchange rate changes by discontinued operations	—	—	403
Effect of exchange rate changes	\$ (505)	\$ (8,543)	\$ 3,356
Increase in cash and cash equivalents	\$ 8,671,076	\$ 7,097,237	\$ 268,530
Cash and cash equivalents, beginning of the year	\$ 7,537,873	\$ 440,636	\$ 174,783
Cash and cash equivalents of continuing operations, end of the year	16,208,949	7,537,873	440,636
Cash and cash equivalents of discontinued operations, end of the year	—	—	2,677
Cash and cash equivalents, end of the year	\$ 16,208,949	\$ 7,537,873	\$ 443,313
Supplement disclosure of cash flow information Interest paid	—	—	—

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

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Mercurity Fintech Holding Inc. (the "Company"), was incorporated in Cayman Islands on July 13, 2011. On December 28, 2016, the Company changed its name from Wowo Limited to JMU Limited. On April 30, 2020, the Company changed its name from JMU Limited to Mercurity Fintech Holding Inc., The Company completed its initial public offering ("IPO") on NASDAQ on April 8, 2015.

Prior to March 1, 2020, the Company and its subsidiaries, variable interest entities ("VIEs") and VIEs' subsidiaries were primarily engaged in the sale of rice, flavor, bean oil, seafood, wine and some other types of generic food and beverage products through its website www.ccjoin.com though operating a business-to-business ("B2B") online e-commerce platform that provides integrated services to suppliers and consumers in the catering industry in the People's Republic of China ("PRC").

On May 21, 2019, the Company acquired Unicorn Investment Limited ("Unicorn") and its subsidiaries and a VIE ("the Acquisition of Unicorn"). Pursuant to a share purchase agreement, the Company purchased all the issued and outstanding shares of Unicorn from its shareholder for the consideration of 632,660,858 newly issued ordinary shares of the Company. On that date, Unicorn, a developer of asset transaction platform products based on blockchain technologies, became a wholly owned subsidiary of the Company. On December 28, 2020, Unicorn changed its name from Unicorn Investment Limited to Mercurity Limited.

On July 22, 2019, the Company sold all of its equity interests in New Admiral Limited, a subsidiary of the Company, together with all of its subsidiaries and consolidated VIEs and their respective subsidiaries (collectively, the "Food Supply Chain Entities"), which were engaged in the Company's food supply chain business. The sale was pursuant to a definitive agreement entered into between the Company and Marvel Billion Development Limited, company with limited liability incorporated under the laws of Hong Kong (the "Buyer"), in exchange for the Buyer's payment of \$1,000,000 and the assumption of \$4,521,053 of net liabilities of the Food Supply Chain Entities. This disposal represents a strategic shift and has a major effect on the Company's results of operations. Accordingly, assets and liabilities, Revenue and expenses, and cash flows related to the Food Supply Chain Entities have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented.

On March 1, 2020, the Company acquired NBpay Investment Limited ("NBpay") and its subsidiaries and a VIE ("the Acquisition of NBpay"). Pursuant to a share purchase agreement, the Company purchased all the issued and outstanding shares of Unicorn from its shareholder for the consideration of 761,789,601 newly issued ordinary shares of the Company. On that date, NBpay, a developer of asset transaction platform products based on blockchain technologies, became a wholly owned subsidiary of the Company.

After the Acquisition of Unicorn and the Acquisition of NBpay, blockchain technical services became the principal business of the Company, which to design and develop digital asset transaction platforms based on blockchain technologies for customers to facilitate asset trading, asset digitalization and cross-border payments and provide supplemental services for such platforms, such as customized software development services, maintenance services and compliance support services.

In August 2021, the board and the management of the Company changed and the future business plan was recalibrated. The Company added cryptocurrency mining as one of the main businesses going forward. The Company entered into cryptocurrency mining pools by executing a business contract with a collective mining service provider on October 22, 2021 to provide computing power to the mining pool and derived USD\$664,307 related revenue in 2021 and USD\$783,089 related revenue in the first half of 2022.

Due to the extremely adverse regulatory measures taken by the Chinese government in 2021 in the field of digital currency production and transaction, the Company's board of Directors decided on December 10, 2021 to divest the Chinese companies of the related business controlled through VIE agreements, and the divestiture was completed on January 15, 2022.

In July 2022, we added consultation services to our business, providing business consultation services to global corporate clients, especially those in the blockchain industry. Meanwhile, we conducted viability studies about the business models, license requirements and operational costs of online and traditional brokerage services and digital payment business and have been expanding our business into the brokerage services, such as building up client base and acquiring the necessary licenses. However, due to resource restraints, we have ceased our development plans in digital payment business, including digital payment services and solution consulting, and applications for the required money transmit licenses since March 2024.

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In July 2022, we incorporated Mercurity Fintech Technology Holding Inc. ("MFH Tech") to develop Distributed storage and computing services (including cryptocurrency mining and providing cloud storage services for decentralized platform operators), and business and financial consultation services.

On August 23, 2022, MFH Tech signed a Consulting Agreement with a Chinese media company, pursuant to which MFH Tech will serve as a business consultant in order to facilitate the client to establish the entity in the United States and make financing strategy, and the agreed amount of the immutable consideration portion of the agreement is \$160,000. We recognized consultation services revenue of \$80,000 for the year ended December 31, 2022 based on the percentage-of-completion.

On December 15, 2022, we entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares. The investment was made with the aim to own mining machines capable of gathering, processing, and storing vast amounts of data, to advance the cryptocurrency mining business, and to advance the Web3 framework. Starting on December 20, 2022, we use some of the storage capacity of these devices for Filecoin mining business, and other storage capacity will be used to provide cloud storage services to distributed application product operators. In January 2023, we transferred all of the Web3 decentralized storage infrastructure to our US subsidiary MFH Tech, which serves as the operating entity for our business of Filecoin mining and cloud storage services for decentralized platform operators. For the year ended December 31, 2022 and 2023, we earned \$348 and \$ 285,928 respectively in Filecoin mining revenue from physical mining operations, and did not receive any revenue from providing cloud storage services to decentralized platform operators.

On January 10, 2023, we entered into an asset purchase agreement with Jinhe Capital Limited, providing for the purchase of 5,000 Antminer S19 PRO Bitcoin mining machines, for an aggregate consideration of \$9 million.

On January 28, 2023, we decided to write off NBpay Investment Limited and its subsidiaries, which had no meaningful assets or business nor employees.

On April 12, 2023, we completed the incorporation of another U.S. subsidiary, Chaine Securities, Inc. ("Chaine Securities"), which plans to develop financial advisory services, online and traditional brokerage services independently in the future. On May 3, 2023, Chaine Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer.

From April to June 2023, our management reassessed the potential adverse effects of changes in the Company's business environment, and readjusted the Company's business structure and the future development plan.

Considering the increasing difficulty of mining in the crypto mining industry and the general losses by top crypto mining enterprises, we have decided to reduce the scale of procurement of Bitcoin miners and reduce the Company's investment in the crypto mining field. As such, the Company and Jinhe Capital Limited entered into an amendment (the "Amendment") to the S19 Pro Purchase Agreement, pursuant to which the parties agreed to reduce the purchase order to no more than 2,000 Bitcoin miners for a total amount of no more than \$3.6 million.

Also considering the enormous uncertainty brought by the cryptocurrency market turmoil in the past two years to the blockchain industry, as well as the regulatory uncertainties, although we have the ability to quickly reorganize the blockchain technical service team, we have still decided not to continue conducting blockchain technology service business related to the asset trading platform, asset digitalization platform and decentralized finance (DeFi) platform.

As of June 30, 2023, all the agreed services under the consulting agreement with the Chinese media signed on August 23, 2022 had been completed, and the Company recognized consultation services revenue of \$80,000 for the first half of 2023 based on the percentage-of-completion.

On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the next year.

On November 1, 2023, the Company signed a financial consulting agreement with an American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and esteemed third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the next year.

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On December 5, 2023, the Company signed an Origin Storage Filecoin Mining Service Contract with Origin Storage PTE. LTD. ("Origin Storage"). The Company will use Origin Storage's technology to re package the Web3 decentralized storage infrastructure and conduct Filecoin mining business through Origin Storage's network platform. The Filecoin mining services provided by Origin Storage include but are not limited to storage server services, computing encapsulation server services, and technical services. Through Origin Storage's new technology in the cryptocurrency mining field, the Company is expected to significantly improve the output efficiency of the cryptocurrency mining business, thereby generating more revenue.

On March 7, 2024, considering the many uncertainties in the relevant industry, the Company decided to temporarily abandon its development plan related to digital payment solutions, as well as the application for the MSB (Money Service Business) license.

After the adjustment of our business strategies, the focuses of our respective operating subsidiaries are as follows: (i) MFH Tech acting as the operating entity of distributed storage and computing services and business and business consultation services in North America; (ii) after completing the acquisition of all assets and liabilities of J.V. Delaney & Associates with FINRA approval, Chaine Securities to operate our financial advisory services, online and traditional brokerage services in North America; and (iii) Ucon and Lianji Future acting as the operating entities of the business consultation services in the Asia-Pacific region.

As of December 31, 2023, the Company's subsidiaries are as follows:

	Date of acquisition/ registration	Place of establishment/ incorporation	Percentage of legal ownership
Subsidiaries:			
Mercury Fintech Technology Holding Inc. ("MFH Tech")	July 15, 2022	US	100%
Chaine Securities Inc. ("Chaine")	April 12, 2023	US	100%
Mercury Limited	May 21, 2019	British Virgin Islands	100%
Ucon Capital (HK) Limited ("Ucon")	May 21, 2019	Hong Kong	100%
Beijing Lianji Future Technology Co., Ltd.	May 21, 2019	PRC	100%

2. RECLASSIFICATION AND RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Reclassification of the cash flows from selling digital assets in the consolidated statements of cash flows for the previous years.

In the previously issued consolidated statement of cash flow, we inappropriately classified the cash received from selling digital assets as cash flows generated from operating activities, as we did not distinguish in detail our intention to hold different digital assets, and therefore broadly classified the cash flows generated from digital asset transactions as cash flows generated from operating activities. From a specific perspective, the digital assets we previously sold belong to general investment digital assets, and the cash flow generated from this transaction is more appropriately classified as cash flow generated from investment activities. We have reclassified the cash flows from selling digital assets in the revised consolidated statements of cash flows.

The following tables present the effects of correcting these changes on the Company's financial statements for the year ended December 31, 2022.

For the year ended December 31, 2022

<i>Consolidated Statements of Cash Flows</i>	As previously reported	Adjustment	As restated
Adjustments to reconcile net (loss)/income to net cash used in operating activities:			
Disposal of digital assets	998,902	(998,902)	—
Loss from disposal of intangible assets	—	29,968	29,968
Net cash (used in)/provided by continuing operations	(582,423)	(968,934)	(1,551,357)
Net cash (used in)/provided by operations activities	(582,423)	(968,934)	(1,551,357)
Cash flows from investing activities:			
Disposal of digital assets	—	968,934	968,934
Net cash (used in)/provided by continuing operations	(32,222)	968,934	936,712
Net cash (used in)/provided by investing activities	(32,222)	968,934	936,712

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Restatement of the number of ordinary shares amounts in consolidated statements of Changes in Shareholders' Equity to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

On December 29, 2022, the Company's Board of Directors approved the proposal on the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share, which has been effective on February 28, 2023.

As SAB 4C, changes to a stock dividend, stock split or reverse split in the capital structure must be given retroactive effect in the balance sheet. An appropriately cross-referenced note should disclose the retroactive treatment, explain the change made and state the date the change became effective.

We have revised the number of ordinary shares amounts in the revised consolidated statements of Changes in Shareholders' Equity for the year ended December 31, 2022 and 2021, to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

Correction of the impact of the disposal of subsidiaries on cumulative other comprehensive loss in the Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31, 2022.

In the previously issued Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31, 2022, we did not accurately separately disclose the impact of selling subsidiaries on cumulative other comprehensive loss. Therefore, in the accompanying Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31, 2022, we have made corrections to this. Please see Page 7, the Company's Consolidated Statements of Operations, and Page F-9, the Company's Consolidated Statements of Changes in Shareholders' Equity for the year ended December 31, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going concern

The Company had an accumulated deficit of approximately \$677 million as of December 31, 2023, and had a net loss of approximately \$9.4 million and negative cash flows from operating activities of approximately \$2.8 million for the year ended December 31, 2023. In connection with the Company's assessment of going concern considerations in accordance with Financial Accounting Standard Board's Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern", the Company has incurred recurring operating losses and negative cash flows from operating activities and has an accumulated deficit, management has determined that these conditions raise substantial doubt about the Company's ability to continue as a going concern.

With the restructuring of the board and management in the second half of 2022, the Company secured new financing and clarified new business plans. The Company received \$3.15 million, \$5 million and \$5 million from three PIPEs in November 2022, December 2022 and January 2023 and then received \$9 million from an unsecured convertible promissory note issued on February 2023. In the first half of 2023, the Company further adjusted and optimized its business structure. The Company decided to reduce the scale of high-risk cryptocurrency related businesses and sought to make good progress in new business areas. In December 2023, the Company received \$6 million from another PIPE.

The current and anticipated future businesses of the Company include:

- 1) Business and financial consultation services: We provide comprehensive business and financial consulting services and industry resource support to global corporate clients based on the resource advantages we have accumulated over the years. From August 2022 to the end of 2023, we have signed two clients and generated accumulated revenue of \$240,000. We are establishing business and financial consulting service teams in New York, Shenzhen, and Hong Kong to seek more clients, and we expect to generate more related revenue in 2024.
- 2) Financial advisory services and Brokerage services: a) Financial advisory services, focus on providing comprehensive professional services to corporate clients in emerging countries and regions planning to enter the US capital markets, such as helping the clients improve operations and compliance, achieving market entry and expansion, introducing and coordinating professional service institutions, and providing capital operation plans, private equity financing services, investment consulting services, and mergers and acquisitions services. b) Brokerage services, including securities underwriting, securities brokerage, asset management, etc. It should be emphasized that our financial advisory services businesses (excluding business consultation services such as introducing professional service institutions to the clients who want to become publicly traded in the United States, and helping them coordinate the progress of each professional service institution's work.) and brokerage services (securities underwriting and other brokerage services) can only be carried out after we have completed the acquisition of J.V. Delaney & Associates and obtained the financial license required for brokerage services business. In August 2023, we entered the Continued Membership Application process with FINRA. Ideally, we anticipate receiving approval in the first half of 2024.
- 3) Distributed storage and computing services, including cryptocurrency mining and cloud storage services for other decentralized platform operators. In December 2022, the Company purchased a series of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in our ordinary shares, and the assets is expected to achieve a maximum storage capacity of approximately 100PiB. We have used a portion of the storage capacity for the Filecoin mining business and have generated accumulated revenue of \$286,276. Due to insufficient utilization of the Web3 decentralized storage infrastructure, we incurred significant losses in our Filecoin mining business in 2023. While in December 2023, the Company began adopting new technologies to carry out Filecoin mining business, and it is expected that the mining output efficiency of Filecoin will be significantly improved in 2024.

Although the Company did not achieve ideal results in 2023, the management believes that the Company is about to embark on a period of improvement. As a result, the consolidated financial statements have been prepared assuming the Company will continue as a going concern. The accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities as that might be necessary if the Company is unable to continue as a going concern.

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Basis of presentation and use of estimates

The accompanying consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of Revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in the Group's consolidated financial statements include, but are not limited to, allowance for credit losses, useful lives of property and equipment and intangible assets, impairment of long-lived assets, long-term investments and goodwill, the valuation of cryptocurrencies, realization of deferred tax assets, uncertain income tax positions, share-based compensation, valuation of contingent consideration from business combination and purchase price allocation for business combinations and assets acquisition. Actual results could materially differ from those estimates.

Principle of consolidation

The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries and VIEs in which it has a controlling financial interest. The results of the subsidiaries and VIEs are consolidated from the date on which the Group obtained control and continue to be consolidated until the date that such control ceases. A controlling financial interest is typically determined when a company holds a majority of the voting equity interest in an entity. Furthermore, if the Company demonstrates that it has ability to control the VIEs through its rights to all the residual benefits of the VIEs and its obligation to fund losses of the VIEs then the entity is consolidated. All significant intercompany balances and transactions among the Company, its subsidiaries and VIEs have been eliminated on consolidation.

Reclassification

Certain prior year amounts have been reclassified to conform to the current period presentation. These reclassifications had no impact on net earnings and financial position.

Business combinations

The Group accounts for its business combinations using the purchase method of accounting in accordance with ASC 805 ("ASC 805"), "Business Combinations". The purchase method of accounting requires that the consideration transferred to be allocated to the assets, including separately identifiable assets and liabilities the Group acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. Contingent consideration is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value as of each reporting date until the contingency is resolved, and subsequent changes in fair value are recognized in earnings. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over, (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

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If investment involves the acquisition of an asset or group of assets that does not meet the definition of a business, the transaction is accounted for as an asset acquisition. An asset acquisition is recorded at cost, which includes capitalized transaction costs, and does not result in the recognition of goodwill. The cost of the acquisition is allocated to the assets acquired on the basis of relative fair values.

Discontinued operations

A disposal of a component of an entity or a group of components of an entity shall be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statements of operations. The amount of total current assets, total non-current assets, total current liabilities and total noncurrent liabilities are presented separately on the consolidated balance sheets.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of Revenue and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, provision for other receivables, estimating useful lives and impairment for intangible assets, impairment of goodwill, valuation allowance for deferred tax assets and share-based compensation. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

Foreign currency

The functional and reporting currency of the Company is the United States dollar ("U.S. dollars", "US\$" or "\$"). The functional currency of the Company's subsidiary, Mercury Limited, is U.S. dollars. The functional currency of the Company's HK subsidiaries, Ucon, is the United States dollar ("U.S. dollars", "US\$" or "\$"). The functional currency of NBPAY Investment limited is the United States dollar ("U.S. dollars", "US\$" or "\$"). The functional currency of NBPAY Fintech Pte Ltd is the United States dollar ("U.S. dollars", "US\$" or "\$"). The financial records of the Group's subsidiary and VIE located in the PRC are maintained in their local currencies, the Renminbi ("RMB"), respectively, which are also the functional currencies of these entities.

Transactions denominated in currencies other than the respective entities' functional currencies are re-measured into the functional currencies, in accordance with Accounting Standards Codification ("ASC") 830 ("ASC 830") Foreign Currency Matters, at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured into the functional currencies at the exchange rates prevailing at the balance sheet date. All foreign exchange gains or losses are included in the consolidated statements of operations.

Assets and liabilities are translated to the reporting currency at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and Revenue, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of consolidated statements of comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits placed with banks or other financial institutions which are unrestricted as to withdrawal and use and have original maturities less than three months.

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Security Deposit

Security deposit is money that is given to a landlord, lender, or seller of a home or apartment as proof of intent to move in and care for the domicile.

The security deposits of the Company on the balance sheet for the year ended December 31, 2022 are the frozen funds deposited in the Company's bank account in accordance with the office rental contract, including \$33,909 which can be lifted within one year and \$57,300 which can be lifted in the second and third years.

Short-term Investment

Short-term investment represents certificates of deposits and fixed coupon notes with original maturities of greater than three months but less than a year, as well as stocks and ETFs held in the short term and readily available for sale.

Accounts receivable, net of allowance

Since January 1, 2020, the company adopted the new Current Expected Credit loss rule ("CECL" standard) and recognizes its estimate of expected credit losses as an allowance to its account receivable.

The Company adopted this guidance effective January 1, 2020, with no material impact on its consolidated financial statements. The Company maintains the allowance for estimated losses resulting from the inability of the Company's customers to make required payments. The allowance represents the current estimate of lifetime expected credit losses over the remaining duration of existing accounts receivable considering current market conditions and supportable forecasts when appropriate. The estimate is a result of the Company's ongoing evaluation of collectability, customer creditworthiness, historical levels of credit losses, and future expectations. Changes in the allowance for credit losses are recognized in general and administrative expenses. Accounts receivable are written-off against the allowance for credit losses when management deems the accounts are no longer collectible.

Allowance for credit losses related to the Company's accounts receivable was \$1,147,131 as of December 31, 2021. Due to the changes of the company's management and business team in the second half of 2021, the Company failed to collect the blockchain technical services receivable \$1,092,208 from BGA FOUNDATION LTD and \$54,923 from Beijing Qichi Trading Ltd. in a timely manner. At the end of 2021, the Company made provision for doubtful accounts. Meanwhile, the company is also taking legal action to recover the money.

Property and equipment, net

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated Useful Life	Estimated Residual
Machinery and equipment	6 years	10%
Electronics and office equipment	5 years	5%

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterment that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

Intangible Assets

We classify the cryptocurrencies the Company hold as indefinite-lived intangible assets.

Intangible assets with indefinite useful life are not amortized and are tested for impairment annually or more frequently, if events or changes in circumstances indicate that they might be impaired in accordance with ASC Subtopic 350-30, Intangibles-Goodwill and Other: General Intangibles Other than Goodwill ("ASC 350-30").

The intangible assets of the Company are cryptocurrencies which are measured at cost less impairment. The cryptocurrencies received from cryptocurrency mining operations recognize the cost of intangible assets based on the market price at the time of acquisition.

Due to the price crash of Bitcoin in 2022, the Company, out of caution, decided to change the impairment test method of Bitcoin and other cryptocurrencies from testing once or twice a year by calculating the fair value based on the average daily closing price of the past 12 months to testing every day by calculating the fair value based on the intraday low price. ASC 350-30-35-18 and ASC 350-30-35-19 call for us to consider all circumstances that could lead to impairment of the intangible assets, take a more cautious method to test whether impairment of the intangible assets is likely to occur, and test more frequently. The intraday low price of cryptocurrencies to be utilized in calculating impairment of our cryptocurrencies held as that metric is the most accurate indicator of whether it is more likely than not that the asset is impaired.

We estimated the fair values of the Filecoins based on the intraday low price of the Coinbase platform every day, and we recognized \$303,276 impairment loss of intangible assets for the year ended December 31, 2023. As of December 31, 2023, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, to eliminate the potential significant uncertainty on the financial statements. The amount of the impairment of the crypto assets out of control (all of the Company's Bitcoins and USD Coins) for the year ended December 31, 2023 was \$3,944,809.

We estimated the fair values of the cryptocurrencies based on the intraday low price of the Feixiaohao platform every day, and we recognized \$3,144,053 impairment loss of intangible assets for the year ended December 31, 2022. As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

We recognized \$1,292,568 impairment loss of intangible assets for the year ended December 31, 2021 in the consolidated financial statements.

Impairment of goodwill

The Company annually, or more frequently if the Company believes indicators of impairment exist, reviews the carrying value of goodwill to determine whether impairment may exist.

Specifically, goodwill impairment is determined using a two-step process. The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. The implied fair

value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. Estimating fair value is performed by utilizing various valuation techniques, with the primary technique being a discounted cash flow.

The Company has determined to perform the annual impairment tests on December 31 of each year. All of the \$8,107,014 goodwill as of December 31, 2020 was attributable to the acquisition of Mercurity Limited and NBPAY business. Because the entire business team and core technology of Mercurity Limited and NBPAY were affiliated with their China subsidiaries, the Company allocated all the goodwill to the China subsidiaries.

Due to the extremely adverse regulatory measures taken by the Chinese government in 2021 in the field of digital currency production and transaction, the Company's board of Directors decided on December 10, 2021 to divest the China subsidiaries of Mercurity Limited and NBPAY controlled through VIE agreements, and the divestiture was completed on January 15, 2022.

The Company considered that Mercurity Limited and NBPAY would no longer be able to carry on their original businesses after the divestiture of these China subsidiaries, and the present value of Mercurity Limited and NBPAY's reestimated future operating cash flows would be nil. The Company recognized that all of the \$8,107,014 goodwill attributed to the acquisition of Mercurity Limited and NBPAY had no value as of December 31, 2021.

As a result, the Company recognized the impairment loss of goodwill of \$8,107,014 for the year ended December 31, 2021, which is shown as loss from discontinued operations in the consolidated income statement.

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Revenue recognition

On January 1, 2019, the Company adopted ASU No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), which supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition ("ASC 605"), using the modified retrospective transition method applied to those contracts which were not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606, while prior period amounts have not been adjusted and continue to be reported in accordance with historic accounting under ASC 605. The impact of adopting the new revenue standard was not material to consolidated financial statements and there was no adjustment to beginning retained earnings on January 1, 2019.

Under ASC 606, an entity recognizes revenue as the Company satisfies a performance obligation when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (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. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer.

Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations it must deliver and which of these performance obligations are distinct. The Company recognizes revenue based on the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied.

The Company generates revenue primarily from business consultation services and distributed storage and computing services in the year ended December 31, 2023.

The Company's revenue recognition policies effective on the adoption date of ASC 606 are as follows:

Business consultation services

The Company recognized the realization of the consultation service revenue by using Output Methods. According to ASC 606-10-55-17, Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed, and units produced or units delivered. When an entity evaluates whether to apply an output method to measure its progress, the entity should consider whether the output selected would faithfully depict the entity's performance toward complete satisfaction of the performance obligation. An output method would not provide a faithful depiction of the entity's performance if the output selected would fail to measure some of the goods or services for which control has transferred to the customer. For example, output methods based on units produced or units delivered would not faithfully depict an entity's performance in satisfying a performance obligation if, at the end of the reporting period, the entity's performance has produced work in process or finished goods controlled by the customer that are not included in the measurement of the output. The Company calculates the output value and recognizes revenue by evaluating the percentage-of-completion of the contract at the end of each month.

On August 23, 2022, the Company signed a Consulting Agreement with a Chinese media company, pursuant to which the Company will serve as a business consultant in order to facilitate the client to establish its operating entity in the United States and related financing strategy, and the agreed amount of the immutable consideration portion of the agreement is \$160,000. As of December 31, 2022, approximately 50% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$80,000 for the year ended December 31, 2022 based on the percentage-of-completion. As of December 31, 2023, all the agreed services under this agreement have been completed, and the Company recognized consultation services revenue of \$80,000 for the year ended December 31, 2023 based on the percentage-of-completion.

On August 1, 2023, the Company signed a supplementary comprehensive service agreement with the Chinese media company. The Company will continue to assist the client in providing management consulting services and introducing professional service agency resources. The Company expects to receive no less than \$150,000 in revenue from this new agreement within the next year. As of December 31, 2023, approximately 40% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$60,000 for the year ended December 31, 2023 based on the percentage-of-completion.

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On November 1, 2023, the Company signed a financial consulting agreement with a American logistics company. The Company will serve as a business consultant in order to facilitate introductions between the Company's clients and esteemed third-party audit firms, legal representatives, and underwriting entities that are crucial for the clients' fundraising endeavors within the U.S. capital market. The Company expects to receive \$50,000 in revenue from this agreement within the next year. As of December 31, 2023, approximately 40% of the agreed services had been completed as scheduled, and the Company recognized consultation services revenue of \$20,000 for the year ended December 31, 2023 based on the percentage-of-completion.

Distributed storage and computing services

The Company's distributed storage and computing services business includes cryptocurrency mining and cloud storage services for other decentralized platform operators.

From October 2021 to April 2022, the Company obtained the usage rights of a certain number and specific models of Bitcoin mining machines and specific business premises by

executing contracts with the sharing mining service provider, and registered as users on the mining pool website, complying with the general terms and conditions required to join the mining pool published on the mining pool website, to increase computing power to the mining pool. In exchange for providing computing power, the Company was entitled to a fractional share of the fixed digital asset awards the mining pool operator receives, for successfully adding blocks to the blockchain. The Company's fractional share was relative to the proportion of computing power the Company contributed to the mining pool operator toward the total computing power contributed by all mining pool participants in solving the current algorithm. Providing computing power in digital asset transaction verification services was an output of the Company's ordinary activities. The provision of such computing power was the only performance obligation in the general terms of the mining pool website. The transaction consideration the Company received, if any, was noncash consideration, which the Company measured at fair value on the date received, which was not materially different than the fair value at contract inception or the time the Company had earned the award from the pools. These considerations were all variable. Since significant reversals of cumulative revenue were possible given the nature of the assets, the consideration was constrained until the mining pool operator successfully places a block (by being the first to solve an algorithm) and the Company received confirmation of the consideration it would receive, at which time revenue was recognized. There was no significant financing component related to these transactions. Fair value of the digital assets award received was determined using the quoted price of the related digital assets at the time of receipt. The Company earned \$783,090 in Bitcoin mining revenue from shared mining operations for the year ended December 31, 2022, and \$664,307 for the year ended December 31, 2021. Due to the sharp fluctuations in the price of Bitcoin over the past two years, from May 2022 to the end of 2023, the Company did not carry out any business related to Bitcoin mining.

On December 15, 2022, the Company entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5.98 million, payable in the Company's ordinary shares. Starting on December 20, 2022, the Company uses some of the storage capacity of these devices for Filecoin mining business, and other storage capacity will be used to provide cloud storage services to distributed application product operators. The Company has rented the Filecoin mining operating premises located in New Jersey, United States from Cologix US, Inc. and the Company has entered into the Filecoin mainnet as a miner by registering as a user on the Filecoin mainnet, complying with the general terms and conditions required to become a miner published on the Filecoin mainnet. The essence of Filecoin mining business is that the Company utilizes its Web3 decentralized storage infrastructure and provide cloud storage services to the end customers through the Filecoin mainnet. In exchange for providing storage capacity, the Company is entitled to a fractional share of the fixed digital asset awards from the Filecoin mainnet, for successfully adding blocks to the blockchain. The Company's fractional share is relative to the proportion of storage capacity we contribute to Filecoin mainnet toward the total storage capacity contributed by all the Filecoin mainnet's participants in solving the current algorithm. Providing storage capacity in digital asset transaction verification services is an output of the Company's ordinary activities. The provision of such storage capacity is the only performance obligation in the general terms of the Filecoin mainnet. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the Filecoin mainnet. These considerations are all variable. Since significant reversals of cumulative revenue are possible given the nature of the assets, the consideration is constrained until the all the miners successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component related to these transactions. Fair value of the digital assets award received is determined using the quoted price of the related digital assets at the time of receipt. For the year ended December 31, 2022 and 2023, we earned \$348 and \$285,928 respectively in Filecoin mining revenue from physical mining operations, and did not receive any revenue from providing cloud storage services to decentralized platform operators.

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Cost of revenue

Business consultation services

The cost of consultation services consists primarily of payroll of the consultation project team. The cost of consultation services was recognized in the amount of \$19,000 and \$138,092 respectively for the year ended December 31, 2022 and 2023.

Distributed storage and computing services

The cost of the Bitcoin shared mining operation includes the rental fee of the mining machine and the mine site, electricity and other possible operation and maintenance expenses. There were no Bitcoin mining operations in the year ended December 31, 2023. The cost of Bitcoin shared mining operations was recognized in the year ended December 31, 2022 in the amount of \$1,291,784, including \$1,036,741 for mining machines and mine leases and \$255,043 for electricity.

The cost of the Filecoin physical mining operation includes mining machine depreciation costs, mine site lease costs (including electricity), direct labor costs and software licensing costs. The cost of Filecoin physical mining operations was recognized in the year ended December 31, 2023 in the amount of \$1,286,220, including mining machine depreciation costs of \$897,435, mine lease costs (including electricity) of \$291,347, direct labor costs of \$4,000, and software licensing costs of \$93,438. The cost of Filecoin physical mining operations was recognized in the year ended December 31, 2022 in the amount of \$69,817, including mining machine depreciation costs of \$28,950, mine lease costs (including electricity) of \$22,075, direct labor costs of \$4,000, and software licensing costs of \$14,792.

Sales and marketing expenses

Sales and marketing expenses consist primarily of project referral fees for consultation services business. These costs are expensed as incurred.

Operating leases

The Company determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the term of such lease is assessed based on the date on which the underlying asset is made available for the Company's use by the lessor. The Company's assessment of the lease term reflects the non-cancelable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which the Company is reasonably certain of not exercising, as well as periods covered by renewal options which the Company is reasonably certain of exercising. The Company also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations over the lease term.

For leases with a term exceeding 12 months, an operating lease liability is recorded on the Company's consolidated balance sheet at lease commencement reflecting the present value of its fixed minimum payment obligations over the lease term. A corresponding operating lease right-of-use asset equal to the initial lease liability is also recorded, adjusted for any prepaid rent and/or initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Company uses its incremental borrowing rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are typically not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis and incorporates the term and economic environment of the associated lease.

For the Company's operating leases, fixed lease payments are recognized as lease expense on a straight-line basis over the lease term. For leases with a term of 12 months or less, any fixed lease payments are recognized on a straight-line basis over the lease term and are not recognized on the Company's consolidated balance sheet as an accounting policy election. Leases qualifying for the short-term lease exception were insignificant. Variable lease costs are recognized as incurred and primarily consist of common area maintenance and utility charges not included in the measurement of right of use assets and operating lease liabilities.

The leasing activities of the Company during 2022 and 2023 are all for the Company to lease the office as the lessee and the Company classified them as operating leases, among which, the Company signed a long-term lease contract with a term of about 35 months for the New York office. The Company recognized right-of-use assets and lease liabilities on the consolidated balance sheet as of December 31, 2022 and 2023.

Income taxes

The Company follows the liability method in accounting for income taxes in accordance to ASC topic 740 ("ASC 740"), Income Taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

The Company applies the provision of ASC 740 to account for uncertainty in income taxes. ASC 740 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements.

The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations.

Share-based payments

In the second quarter of 2017, the Company elected to early adopt ASU No. 2016-09, Compensation Stock Compensation ("ASC 718"): Improvement to Employee Share based Payment Accounting.

Share options and restricted shares granted to employees and directors are accounted for under ASC 718, "Compensation – Stock compensation". In accordance with ASC 718, the Company determines whether a share option or restricted shares should be classified and accounted for as an equity award. All grants of share options and restricted shares to employees and directors classified as equity awards are recognized in the financial statements based on their grant date fair values.

Share-based payment awards with employees are measured based on the grant date fair value of the equity instrument issued, and recognized as compensation costs using the straight-line method over the requisite service period, which is generally the vesting period of the options, with a corresponding impact reflected in additional paid-in capital.

The total amount of compensation cost recognized at the end of the requisite service period for an award of share-based compensation shall be based on the number of instruments for which the requisite service has been rendered (that is, for which the requisite service period has been completed). Previously recognized compensation cost shall not be reversed if an employee share option (or share unit) for which the requisite service has been rendered expires unexercised (or unconverted). To determine the amount of compensation cost to be recognized in each period, the Company shall make an entity wide accounting policy for all employee share-based payment awards to do the following: Recognize the effect of awards for which the requisite service is not rendered when the award is forfeited (that is, recognize the effect of forfeitures in compensation cost when they occur). Previously recognized compensation cost for an award shall be reversed in the period that the award is forfeited.

For share-based payment awards with market conditions, such market conditions are included in the determination of the estimated grant-date fair value. If the incentivized employee does not meet the agreed market conditions on the grant-date, then the corresponding shares will be forfeited or the corresponding percentage of the proposed shares will be forfeited in proportion to the failure to meet the market conditions. The fair value of the shares granted to employees at the grant-date is the consideration adjusted for the satisfaction of market conditions.

Some awards contain a market condition. The effect of a market condition is reflected in the grant-date fair value of an award. Compensation cost thus is recognized for an award with a market condition provided that the good is delivered or the service is rendered, regardless of when, if ever, the market condition is satisfied.

A change in any of the terms or conditions of share-based payment awards is accounted for as a modification of awards. The Company measures the incremental compensation cost of a modification as the excess of the fair value of the modified awards over the fair value of the original awards immediately before its terms are modified, based on the share price and other pertinent factors at the modification date. For vested awards, the Company recognizes incremental compensation cost in the period the modification occurred. For unvested awards, the Company recognizes, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

Net loss per share

Basic loss per ordinary share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Company had stock options and restricted share units, which could potentially dilute basic loss per share in the future. To calculate the number of shares for diluted loss per ordinary share, the effect of the stock options and restricted share units is computed using the treasury stock method. Potential ordinary shares in the diluted net loss per share computation are excluded in periods of losses from operations, as their effect would be anti-dilutive.

In accordance with ASC Topic 260, Earnings per Share ("ASC 260"), basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Contingently issuable shares, including performance-based share awards and contingent considerations to be settled in shares, are included in the computation of basic earnings per share only when there is no circumstance under which those shares would not be issued. Contingently issuable shares are included in the denominator of the diluted loss per share calculation as of the beginning of the period or as of the inception date of the contingent share arrangement, if later, only when dilutive and when all the necessary conditions have been satisfied as of the reporting period end.

For contracts that may be settled in ordinary shares or in cash at the election of the Company, share settlement is presumed, pursuant to which incremental shares relating to the number of shares that would be required to settle the contract are included in the denominator of diluted loss per share calculation if the effect is more dilutive. For the contracts that may be settled in ordinary shares or in cash at the election of the counterparty, the more dilutive option of cash or share settlement is used for the purposes of diluted loss per share calculation, pursuant to which share settlement requires the number of shares that would be required to settle the contract be included in the denominator whereas cash settlement requires an adjustment to be made to the numerator for any changes in income or loss that would result as if the contract had been classified as an asset or a liability for accounting purposes during the period for a contract that is classified as equity for accounting purposes, if the effect is more dilutive. Ordinary equivalent shares consist of the ordinary shares issuable upon the exercise of the share options, using the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted loss per share if their effects would be anti-dilutive.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the decrease in equity of the Company during a period from transactions and other events and circumstances excluding transactions

resulting from investments by owners and distributions to owners. Comprehensive gain (loss) is reported in the consolidated statements of comprehensive loss, including net loss and foreign currency translation adjustments, presented net of tax.

Segment reporting

The Company follows ASC 280, Segment Reporting. The Company's Chief Executive Officer or chief operating decision-maker reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Company as a whole and hence, the Company has only one reportable segment. Almost all of the Company's revenue in 2023 came from its US subsidiary MFH Tech, but as of December 31, 2023, due to the Company's business being still in the adjustment stage, the Company has not yet divided into geographical divisions for independent business development and management. The Company's future revenue will mainly come from three different business entities, including MFH Tech, Chance Securities and Ucon Capital. The Company will add segment reports for different geographies and businesses after the completion of business architecture adjustments.

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

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Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

Level 1 - inputs are based upon quoted prices for instruments traded in active markets.

Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based calculation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, cash flow models, and similar techniques.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, amounts due from a related party and accounts receivable. The carrying values of cash, amounts due from a related party and accounts receivable approximate their fair values reported in the consolidated balance sheets due to the short-term maturities.

Financial assets and liabilities measured at fair value on a non-recurring basis include acquired assets and liabilities and goodwill based on Level 3 inputs in connection with business acquisitions.

Recent accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. This standard requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial assets. This standard is effective for the Company on January 1, 2023.

4. CONCENTRATION OF RISK

Credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with financial institutions with high-credit ratings and quality.

Vulnerability due to change of regulations or policies

The blockchain and cryptocurrency mining business could be significantly affected by, among other things, the regulatory and policy developments in international markets where the Company operates. Governmental authorities are likely to continue to issue new laws, rules and regulations governing the blockchain and cryptocurrency industry in and enhance enforcement of existing laws, rules and regulations.

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On January 15, 2022, the Company completed to dismantle the VIE structure and divest Beijing Lianji Technology Co. and Mercurity (Beijing) Technology Co., Ltd., which were controlled by the VIE agreement, due to the impact of the adverse policies issued by the Chinese government on the original business. As of December 31, 2022, the Company's main business related to cryptocurrencies has moved to the United States.

Currency convertibility risk

From time to time, the Company's businesses may be transacted in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. After the strategic shift mentioned above, the Company's business is mainly transacted in U.S. dollar resulting minor exposure to currency convertibility risk.

Foreign currency exchange rate risk

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against U.S. dollar, there was depreciation of approximately 7.6% and 2.9% in the years ended December 31, 2022 and 2023 respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that the Company needs to convert U.S. dollar into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S.

dollar would have an adverse effect on the RMB amount the Company would receive from the conversion. Conversely, if the Company decides to convert RMB into U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to the Company. In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Company's earnings or losses.

As the Company does not mainly carry out business in China in 2022 and 2023, the impact of foreign currency exchange is not significant.

5. CASH AND CASHEQUIVALENTS

Cash and cash equivalents consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Cash (i)	15,120,483	7,446,664
Cash equivalents (ii)	997,466	—
Total	16,117,949	7,446,664

(i) As of December 31, 2023, the Company's cash includes: 1) Cash in hand of \$200; 2) Demand deposit of \$14,072,019 in bank accounts; 3) Cash of \$1,048,464 in the securities investment accounts and the Coinbase account. As of December 31, 2022, the Company's cash was all demand deposits in bank accounts.

(ii) As of December 31, 2023, the Company's cash equivalents were all U.S. Treasury Securities with a balance of \$997,466 that can be traded at any time.

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6. SECURITY DEPOSIT

Security Deposit consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Security Deposit which can be lifted within one year	33,700	33,909
Security Deposit which can be lifted in the second and third years	57,300	57,300
Total	91,000	91,209

The security deposits of the Company on the balance sheet for the year ended December 31, 2023 are the frozen funds deposited in the Company's bank account in accordance with the office rental contract, including \$33,700 which can be lifted within one year and \$57,300 which can be lifted in the third year when the lease expires.

7. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
6-month Certificate of Deposits (i)	1,624,191	—
ETF (ii)	594,492	—
Common Stock (iii)	100,564	—
Total short-term investments	2,319,247	—

(i) On August 4, 2023, the Company deposited a Certificate of Deposits of \$800,000 with a term of 6 months in Citi Bank, with an annual interest rate of 4.75%. As of December 31, 2023, the balance of this CD is \$811,918, and the Company recognized the interest income of \$11,918 for the year 2023.

On August 30, 2023, the Company deposited a Certificate of Deposits of \$500,000 with a term of 6 months in Citi Bank, with an annual interest rate of 4.75%. As of December 31, 2023, the balance of this CD is \$507,921, and the Company recognized the interest income of \$7,921 for the year 2023.

On September 30, 2023, the Company deposited a Certificate of Deposits of \$300,000 with a term of 6 months in Citi Bank, with an annual interest rate of 4.75%. As of December 31, 2023, the balance of this CD is \$304,352, and the Company recognized the interest income of \$4,352 for the year 2023.

(ii) On March 31, 2023, the Company purchased 5 SPDR SER TR SPDR BLOOMBERG 1-3 MNTH T BILL ETF as part of the investment portfolio at a cost of \$465.93. As of December 31, 2023, the market value of the ETF was \$456.95, and the Company recognized the loss on market price of the ETF of \$8.98 for the year 2023.

On August 31, 2023, the Company purchased 6500 SPDR SER TR SPDR BLOOMBERG 1-3 MNTH T BILL ETF at a cost of \$595,535.95. As of December 31, 2023, the market value of the ETF was \$594,035, and the Company recognized the loss on market price of the ETF of \$1,500.95 for the year 2023.

(iii) As of December 31, 2023, the Company holds common stocks of FITELL CORP, with the amount of \$100,564. The cost of these stocks was \$328,590, and the Company recognized the loss on market price of the stocks of \$228,026.

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8. PREPAID EXPENSES AND OTHER CURRENT ASSETS, NET

Prepaid expenses and other current assets consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Prepaid expenses	12,285	—

Loan receivables from non-related parties (i)	2,200,000	10,925
Other receivables from non-related parties (ii)	3,000,000	—
Total prepaid expenses and other current assets	5,212,285	10,925

- (i) On December 12, 2023, considering the potential business cooperation prospects with Honor Star Ventures Limited in Hong Kong, the Company agreed to provide a loan of \$2 million to Honor Star Ventures Limited, with a loan term of one year and an annual interest rate of 5%.

On July 12, 2023, Mercurity Fintech Technology Holding Inc. ("MFH Tech") provided Fresh First Inc. ("Fresh First") with a loan of \$200,000, a short term of one month, and a fixed interest of \$1,000, to supplement the funds needed for its daily operation. On August 11, 2023, MFH Tech entered into a Loan Extension Agreement with Fresh First, as which the maturity date of the original agreement is extended by an additional one year, such that the new maturity date shall be August 11, 2024.

- (ii) On January 10, 2023, the Company entered into an asset purchase agreement (the "Original Contract") with Jinhe Capital Limited ("Jinhe"), providing for the purchase of 5,000 Antminer S19 PRO Bitcoin mining machines, for an aggregate consideration of \$9 million. On May 31, 2023, the Company and Jinhe entered into an amendment to the S19 Pro Purchase Agreement, pursuant to which the parties have agreed to reduce the purchase order to no more than 2,000 Bitcoin miners for a total amount of no more than \$3.6 million. As of December 31, 2023, the Company has paid the seller \$3 million US dollars. On March 10, 2024, the Company and Jinhe entered into a Cancellation Agreement, which cancelled and terminated the Original Contract and the amendment in its entirety, the prepayment of \$3 million US dollars from the Company to Jinhe will be refunded to the Company soon.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Machinery and equipment (i)	5,982,900	5,982,900
Electronics and office equipment	11,030	7,222
Total property and equipment	5,993,930	5,990,122
Less: Accumulated depreciation	927,918	28,949
Less: Provision for impairment (ii)	307,733	—
Property and equipment, net	4,758,279	5,961,173

- (i) On December 15, 2022, the Company entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of \$5,980,000, payable in the Company's ordinary shares. According to the Valuation Report for the Market Value for the Cryptocurrency Mining Servers issued by International United Consulting & Appraisal Limited on November 10, 2022, the market value of these assets is \$5,980,000.

- (ii) During 2023, approximately 20 machines of the Web3 decentralized storage infrastructure experienced severe malfunctions that prevented them from continuing operations. The Company scrapped the machines and recognized an impairment loss of \$307,734.

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10. INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$ (as restated)
Crypto assets for general investment (A)	705,309	288,419
The right to recover the crypto assets (B)	—	3,944,809
Total intangible assets, Net	\$ 705,309	\$ 4,233,228

(A) Crypto assets for general investment

Crypto assets for general investment, net consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$ (as restated)
Filecoin (i)	705,309	288,419
Total crypto assets for general investment, net	\$ 705,309	\$ 288,419

- (i) As of December 31, 2023, the Company held 247,811.36 Filecoins with the carrying amount of \$705,309, of which 104646.58 Filecoins came from the asset purchase agreement with Huangtong International Co., Ltd. closed on December 15, 2022, about 79,780 Filecoins were borrowed from Huangtong International Co., Ltd. to meet the pledge needs for Filecoin mining business, and 64,455.78 Filecoins came from the Filecoin physical mining business. Out of the 247,811.36 Filecoins, approximately 139,281 Filecoins are in a pledged and locked position in the Company's node accounts for the needs of Filecoin mining operating.

As of December 31, 2022, the Company held 104762.0706 Filecoins with the book value of \$288,419, of which 104646.5806 Filecoins came from the supplementary agreement of the asset purchase agreement with Huangtong International Co., Ltd. closed on December 15, 2022 and 115.49 Filecoins came from the Filecoin physical mining business.

The movement of the crypto assets for general investment for the year ended December 31, 2022 and 2023 is as follows:

	For the year ended December 31, 2023 US\$	2022 US\$ (as restated)
Balance as of January 1, 2023 and 2022	288,419	7,277,717
Addition: received crypto assets payments (i)	—	315,028
Purchase or borrowing (ii)	434,238	—
Mining out (iii)	285,928	327,605
Deduction: disposal of crypto assets (iv)	—	(998,902)

Impairment (v)	(303,276)	(817,609)
Crypto assets out of control reclassified to the right to recover the crypto assets (vi)	—	(5,815,420)
Balance as of December 31, 2023 and 2022	705,309	288,419

- (i) The Company received 104646.5806 Filecoins with the book value of \$315,028 from Huangtong International Co., Ltd., as an additional consideration for the Company's shares on December 20, 2022. The company received these Filecoins on December 20, 2022, and recognized the book value based on the day's closing trading price of the "Feixiaohao" platform, a cryptocurrency information platform that gathers data from major global cryptocurrency exchanges.
- (ii) During 2023, about 79,780 Filecoins with the book value of \$434,238 were borrowed from Huangtong International Co., Ltd. to meet the pledge needs for Filecoin mining business.

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- (iii) During 2023, the Company mined out 64,340.29 Filecoins from the Filecoin physical mining business, and the Company recognized a total revenue of \$285,928 based on the lowest transaction price on the Coinbase platform on the day of receiving the Filecoin rewards.

From January 1 to February 16 in 2022, the Company mined out 7.86772699 Bitcoin from the Bitcoin shared mining business, and recognized the book value based on the day's closing trading price of the "Feixiaohao" platform of \$327,257. In December 2022, the Company mined out 115.49 Filecoins from the Filecoin physical mining business, the fair market at the date the Filecoins were mined out was \$348.

- (iv) During the year ended 2022, the Company sold 1,000,000 USD coins with the book value of \$998,902 and get \$968,934 into the Company's bank account.

- (v) We estimated the fair values of the cryptocurrencies based on the lowest transaction price on the Coinbase platform every day and totally recognized \$303,276 impairment loss for the year ended December 31, 2023.

We estimated the fair values of the crypto assets based on the intraday low price every day and recognized \$790,652 impairment loss for the six months ended June 30, 2022, including \$784,788 impairment loss of Bitcoins for the period from January 1, 2022 to February 16, 2022 (when the Bitcoins still under the Company's control), and \$5,864 impairment loss of Tether USDs.

- (vi) On February 16, 2022, the Wei Zhu incident resulted in the Company losing control of all the Bitcoins and USD Coins. We reclassified all the USD Coins out of control as the right to recover the crypto assets, as detailed in the following "(2) The right to recover the crypto assets". As of February 16, 2022, the book value of the Bitcoins and USD Coins out of control was \$5,815,420.

- (B) The right to recover the crypto assets (The crypto assets that are outside of the Company's control).

The right to recover the crypto assets, net consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$ (as restated)
Bitcoin	—	1,952,598
USD Coin	—	1,992,211
Total the right to recover the crypto assets, net	\$ —	\$ 3,944,809

On February 16, 2022, the former acting Chief Financial Officer Wei Zhu, who was also the Company's former Co-Chief Executive Officer, and a former member and Co-Chairperson of the Board, was taken away from the Company's office in Shenzhen, China for personal reasons to cooperate with the investigation from Sheyang County Public Security Bureau, Yancheng City, Jiangsu Province, People's Republic of China. At the same time, Sheyang County Public Security Bureau forcibly removed the safe belonging to the Company that stored the digital asset hardware cold wallet, and forcibly destroyed the safe and seized the crypto asset hardware cold wallet and all crypto assets stored in it, and we verified that 95.23843 Bitcoins and 2005537.5 USD Coins with a book value as of December 31, 2022 of \$3,469,762 stored in the out-of-control wallet had been transferred to another unknown wallet.

The deposit status of the Bitcoins and USD Coins that are outside of the Company's control on December 31, 2023 are as follows:

Crypto assets	Quantities	The portion that was still stored in the hardware cold as of December 31, 2023	The portion that that are forwarded to unknown addresses as of December 31, 2023
		Quantities	Quantities
Bitcoins	125.8584797	30.62004	95.23843
USD Coins	2005537.50	—	2005537.5

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The movement of the right to recover the crypto assets for the year ended December 31, 2023 and 2022 is as follows:

	December 31, 2023 US\$	December 31, 2022 US\$ (as restated)
Balance as of January 1, 2023 and 2022	3,944,809	—
Crypto assets out of control reclassified to the right to recover the crypto assets (i)	—	5,815,420
Mining out (ii)	—	455,833
Impairment (iii)	(3,944,809)	(2,326,444)
Balance as of December 31, 2023 and 2022	—	3,944,809

- (i) On February 16, 2022, the Wei Zhu incident resulted in the Company losing control of all the Bitcoins and USD Coins. We reclassified all the USD Coins out of control as the right to recover the crypto assets. The book value on February 16, 2022 of the Bitcoins and USD Coins stored in the out-of-control wallet was \$5,815,420, including 114.86129105 Bitcoins with the book value of \$3,823,209 and 2,005,537.50 USD Coins with the book value of \$1,992,211.

- (ii) From February 17 to April 30 in 2022, the Company mined out 10.99718523 Bitcoin from the Bitcoin shared mining business, and recognized the book value based on the day's closing trading price of the "Feixiaohao" platform of \$455,833. Although the wallet that received these mining generated Bitcoins was already in a state of loss of control on

February 16, 2022, the Company failed to respond quickly to the Wei Zhu incident, resulting in the Bitcoins produced during the mining period from February 17 to April 30, 2022 being also in a state of loss of control upon acquisition.

- (iii) As of April 22, 2024, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, with the impairment amount of \$3,944,809 for the year ended December 31, 2023, to eliminate the potential significant uncertainty on the financial statements.

As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

We estimated the fair values of the crypto assets based on the intraday low price every day and no impairment loss of the right to recover the crypto assets was recognized for the year ended December 31, 2023.

We estimated the fair values of the crypto assets based on the intraday low price every day and recognized \$2,326,444 impairment loss for the year ended December 31, 2022, all of which came from the impairment loss of Bitcoins for the period from February 17 to December 31 in 2022.

PRC law firm Deheng Law Office ("Deheng") has been representing the Company in our efforts to recover the wrongfully seized cold wallet and cryptocurrencies from the Public Security Bureau. On behalf of the Company, Deheng went to Sheyang Public Security Bureau several times to communicate with the police officer in charge of Wei Zhu's case, and Deheng learned that Sheyang Public Security Bureau suspected that the cryptocurrencies belonged to the Company was related to Wei Zhu's case without any evidence and because Wei Zhu's case was still in the stage of investigation, they insisted on continuing to implement temporary measures to retain the seized assets. According to the legal opinion issued by Deheng Law Firm, the ownership of the cryptocurrencies seized by Sheyang Public Security Bureau is clear and can be verified as belonging to the Company, and the seizure of the Company's cryptocurrencies by Sheyang Public Security Bureau is improper. If Public Security Bureau of Sheyang does not release the seizure of the Company's cryptocurrencies, Sheyang Public Security Bureau should issue a written decision in accordance with laws and regulations.

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On November 21, 2022, Deheng submitted the complaint and evidentiary materials to the Public Security Bureau of Sheyang County according to the Criminal Procedure Law and the Provisions on Procedures of Handling Criminal Cases by Public Security Organs (the "PRC Criminal Law"). As of December 31, 2023, the Company and Deheng have not received any definitive response from the Public Security Bureau of Sheyang County.

On October 12, 2023, the Company submitted the "Application for State Compensation" to the Public Security Bureau of Sheyang County. At the same time, the Company filed a complaint and submitted the "Information and Supervision Application" with Public Security Bureau of Yancheng City (the superior department of Public Security Bureau of Sheyang County), urging the Public Security Bureau of Yancheng City to compel the Public Security Bureau of Sheyang County to make a decision as to the seized digital currencies. On November 22, 2023, the Company received a response from the Public Security Bureau of Sheyang County, rejecting the Company's "Application for State Compensation". The Public Security Bureau of Sheyang County claimed that the criminal responsibility for the relevant case has not been terminated, and the Company should submit the "Application for State Compensation" after the criminal responsibility for the relevant case has been terminated. In view of the unreasonable response from the Public Security Bureau of Sheyang County, the Company submitted the administrative reconsideration by mail to the Public Security Bureau of Yancheng City, the higher-level organ of the Public Security Bureau of Sheyang County, on December 19, 2023.

The Company is currently still attempting to recover the wrongfully seized cold wallet and cryptocurrencies through administrative appeals. Considering the special situation of China's public security and judicial system, the Company has not considered directly filing a lawsuit against the Public Security Bureau of Sheyang County. Once the wrongfully seized cold wallet and cryptocurrencies cannot be recovered through administrative appeals, the Company will have to resort to litigation to confront the Public Security Bureau of Sheyang County and the relevant responsible persons. We together with Deheng will continue to vigorously pursue the Recovery Proceeding, attempting to regain its cold wallet and cryptocurrencies contained therein, which we believe were wrongfully seized and impounded by the Public Security Bureau.

As of December 31, 2023, the Company has not made more positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, to eliminate the potential significant uncertainty on the financial statements.

(C) The impairment loss of intangible assets

Due to the price crash of Bitcoin in 2022, the Company, out of caution, decided to change the impairment test method of Bitcoin and other cryptocurrencies from testing once or twice a year by calculating the fair value based on the average daily closing price of the past 12 months to testing every day by calculating the fair value based on the intraday low price.

In addition, considering that we are still unable to estimate when the Company will be able to recover the Bitcoins and USD Coins that were improperly seized by the Sheyang County Public Security Bureau, in order to eliminate the uncertainty caused by this incident to the Company's consolidated financial statements, we have decided to make impairment provisions for all those crypto assets out of control.

The impairment loss of intangible assets for the year ended December 31, 2023 and 2022 is detailed as follows:

	For the year ended December 31,	
	2023	2022
	US\$	US\$
Bitcoin (i)	1,952,598	3,111,232
USD Coin (ii)	1,992,211	—
Filecoin (iii)	303,276	26,957
Tether USDs ("USDT") (iv)	—	5,864
Total impairment loss of intangible assets	4,248,085	3,144,053

- (i) As of April 19, 2024, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, with the impairment amount of \$3,944,809 for the year ended December 31, 2023, to eliminate the potential significant uncertainty on the financial statements.

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As of April 25, 2023, we had not been able to communicate effectively with the Sheyang County Public Security Bureau. The Sheyang County Public Security Bureau did not provide a written response to the appeal materials submitted by the Company in accordance with regulations. We had not been informed of any information that may prevent the Company from recovering these crypto assets out of control. Therefore, in our consolidated financial statements as of December 31, 2022, we did not recognize any impairment losses related to the loss of control over these crypto assets.

We estimated the fair values of the crypto assets based on the intraday low price every day and no impairment loss of the of the Bitcoins was recognized for the year ended December 31, 2023.

We recognized \$3,111,232 impairment loss of Bitcoins in the year ended December 31, 2022, including \$784,788 impairment loss of Bitcoins recognized for the period from January 1 to February 16 in 2022, when the Bitcoins were still under the Company's control, and \$2,326,444 impairment loss of the right to restore the Bitcoins for the period from February 17 to December 31 in 2022, when the Bitcoins became out of the Company's control.

- (ii) As of December 31, 2023, the Company has not made positive progress in recovering its crypto assets out of control. Although it is considered inappropriate from a legal perspective for the Sheyang County Public Security Bureau to implement seizure procedures on the Company's crypto assets, the Company still cannot estimate the time it may take to recover those crypto assets. Therefore, the Company has decided to make a provision for impairment of all the crypto assets out of control, to eliminate the potential significant uncertainty on the financial statements.
- (iii) We estimated the fair values of the Filecoins based on the intraday low price of the Coinbase platform every day and recognized \$303,276 impairment loss of Filecoins for the year ended December 31, 2023. We estimated the fair values of the Filecoins based on the intraday low price of the Feixiaohao platform every day and recognized \$26,957 impairment loss of Filecoins for the year ended December 31, 2022.
- (iv) We recognized \$5,864 impairment loss for the Tether USDs in the year ended December 31, 2022 due to the platform where the wallet of the \$5,864 Tether USDs was stored had gone out of business, we had been no longer able to withdraw the Tether USDs as of December 31, 2022.

11. PREPAYMENTS FOR LONG-TERM ASSET

Prepayments for long-term asset consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Prepayments for acquisition (i)	120,000	—
Total prepayments for long-term asset	120,000	—

- (i) On May 3, 2023, one of the Company's US subsidiaries Chaince Securities entered into a Purchase and Sale Agreement for the acquisition of all assets and liabilities of J.V. Delaney & Associates, an investment advisory firm and FINRA licensed broker dealer. As of December 31, the Company has paid the seller \$120,000 US dollars.

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12. LONG TERM INVESTMENTS

Long term investments consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Equity investments without readily determinable fair value	160,000	—
Total long-term investments	160,000	—

In May 2023, the Company invested, as one of the founding shareholders, in Fresh First Inc. or "FF", a grocery delivery and online store platform focused on Asian markets in the eastern United States. Neither the Company nor its wholly-owned subsidiaries directly participate in the daily operations of FF, which has its own independent professional operation team. As of December 31, 2023, the Company has invested \$160,000 in FF and holds about 13.67% of FF's equity.

In accordance with ASC 321, the Company elected to use the measurement alternative to measure such investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. The carrying amount of the Company's equity investments measured using the measurement alternative was \$160,000 as of December 31, 2023. There was no impairment recognized for the year ended December 31, 2023.

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	December 31, 2023 US\$	December 31, 2022 US\$
Accrued payroll and welfare	46,444	62,311
Accounts payable	24,508	22,075
Advance from customers	385,975	80,000
Payables for professional fees	192,074	69,552
Payables for borrowing Filecoin for initial pledge of the Filecoin mining business	434,237	—
Income taxes payable	—	2,294
Other taxes payable	3,292	258
Payable financing advisory fees	480,000	—
Other operating and management expenses	22,032	—
Total accrued expenses and other current liabilities	\$ 1,588,562	\$ 236,490

14. CONVERTIBLE NOTE

Convertible Note consist of the following:

December 31, December 31,

	2023	2022
	US\$	US\$
Convertible Promissory Note	9,000,000	—
Total convertible note	\$ 9,000,000	—

The Company entered into a Securities Purchase Agreement ("SPA") with a non-U.S. investor (the "Purchaser"). Pursuant to the SPA dated January 31, 2023, the Company issued the Purchaser an Unsecured Convertible Promissory Note (the "Note") with a face value of \$9 million (the "Proceeds") upon receiving the Proceeds from the Purchaser on February 2, 2023. The Note shall bear non-compounding interest at a rate per annum equal to 5% from the date of issuance until repayment of the Note unless the Purchaser elects to convert the Note into ordinary shares. If the Purchaser does not elect to convert the Note, then the outstanding principal amount and all accrued but unpaid interest on the Note shall be due and payable upon the one-year anniversary of the Issuance Date of the Note (the "Maturity Date").

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The Purchaser has the right to convert the outstanding balance (excluding any and all accrued but unpaid interest on the Note as of the date of such notice) under the Note into the Company's ordinary shares (the "Conversion Shares") at a per share price equal to \$0.00172, (70% of the average closing price of the American Depositary Receipts divided by 360 during the 30-consecutive trading day period immediately preceding the date of the Securities Purchase Agreement, equivalent to \$0.688 per ordinary share after the share consolidation effected on February 28, 2023) according to the terms and conditions of the Note. Prior to repayment of the Note, the Holder may, in its sole discretion, elect to convert this Note during two select periods before the Maturity Date, including the fifteen days period preceding the calendar date six months after the date of issuance of the Note (the "First Election Period"), as well as the fifteen days period preceding the Maturity Date (the "Second Election Period").

As ASU No.2020-06, the embedded conversion features no longer are separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and a convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives.

15. INTEREST PAYABLE

Interest payable consist of the following:

	December 31, 2023	December 31, 2022
	US\$	US\$
Interest payable for Convertible Promissory Note	410,548	—
Interest payable for Filecoin borrowed as initial pledge for Filecoin mining business	12,583	—
Total interest payable	\$ 423,131	—

16. LEASES

As of December 31, 2023, the Company had operating leases for its New York, Shenzhen and Hong Kong offices. The remaining lease terms ranges from 0.08 to 1.75 years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. As of December 31, 2023, the weighted average remaining lease term was 1.52 years and the weighted average discount rate was 5%.

The following table presents the operating lease related assets and liabilities recorded on the Group's consolidated balance sheet.

	December 31, 2023	December 31, 2022
	US\$	US\$
Right-of-use assets	556,104	873,878
Impairment of right-of-use assets	—	—
Right-of-use assets, net	\$ 556,104	873,878
Operating lease liabilities - current	352,178	269,675
Operating lease liabilities – non-current	282,279	634,457
Total operating lease liabilities	\$ 634,457	904,132

The following table presents the components of the Company's office lease expense in the year ended December 31, 2022 and 2023, which are included in general administrative on the consolidated statements of operations:

	For the year ended December 31, 2023	2022
	US\$	US\$
Operating lease cost	358,044	60,578
Variable lease cost	—	—
Operating lease expense	\$ 358,044	60,578
Short-term lease rent expense	57,621	31,301
Total lease expense	\$ 415,665	91,879

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The following table summarizes the maturity of operating lease liabilities as of December 31, 2023:

	US\$
2024	375,940
2025	288,594
Total	\$ 664,534
Less: imputed interest	(30,077)
Present value of lease liabilities	\$ 634,457

17. INCOME TAXES

Cayman

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands, subsidiaries incorporated in British Virgin Islands are not subject to tax on income or capital gains.

United States

Mercurity Fintech Technology Holding Inc. ("MFH Tech") and Chaince Securities Inc. ("Chaince") are incorporated in New York, USA. In accordance with the Federal Corporate Income Tax Law, the Federal corporate income tax rate applicable to MFH Tech and Chaince is 21%. In accordance with the New York State Corporate Income Tax Law, the New York State corporate income tax rate applicable to MFH Tech and Chaince is 6.5%.

Hong Kong

Under the Hong Kong tax laws, the Company's subsidiaries in Hong Kong are subject to Hong Kong profits tax rate at 16.5%.

People's Republic of China

The enterprise income tax ("EIT") law applies a uniform 25% EIT rate to both foreign invested enterprises and domestic enterprises. The EIT rate for the Company's entities operating in the PRC is 25%.

Singapore

Under the Singapore tax laws, the Company's subsidiary in Singapore is subject to Singapore profits tax rate at 17%.

For the year ended December 31, 2022 and 2023, loss or income before income taxes from continuing operations consists of:

	For the year ended December 31,	
	2023	2022
	US\$	US\$
Cayman Islands: Mercurity Fintech Holding Inc. ("MFH")	(6,120,978)	(7,992,466)
US: Mercurity Fintech Technology Holding Inc. ("MFH Tech")	(2,662,392)	8,776
US: Chaince Securities Inc. ("Chaince")	(45,346)	—
Hong Kong: Ucon Capital (HK) Limited ("Ucon")	(496,006)	(1,317,169)
PRC: Lianji Future Technology Ltd. ("Lianji Future")	(121,212)	(177,053)

The current and deferred components of the income tax expense from continuing operations in the consolidated statements of comprehensive loss are as follows:

	For the year ended December 31,	
	2023	2022
	US\$	US\$
Current tax benefit (expense)	(587)	(2,294)
Deferred tax benefit (expense)	91,363	251,005
Income tax benefit (expense)	90,776	248,711

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The reconciliation of tax computed by applying the statutory income tax rate of 21% applicable to the US operation, 16.5% applicable to the Hong Kong operation, 25% applicable to the PRC operation, and 17% applicable to the Singapore operation to income tax benefit from continuing operations is as follows:

	For the year ended December 31, 2023				
	US\$	US\$	US\$	US\$	US\$
	US (MFH Tech)	US (Chaince)	Hong Kong	PRC	Consolidated
Income/(Loss) before income taxes	(2,662,392)	(45,346)	(496,006)	(121,212)	(2,837,327)
Income tax computed at applicable tax rates	(559,102)	(9,522)	(81,841)	(30,303)	(680,768)
Current losses unrecognized deferred income tax	559,102	—	—	30,303	589,405
Prior income tax expense recognized in current period	587	—	—	—	587
Income tax expenses/(benefits)	587	(9,522)	(81,841)	—	(90,776)

	For the year ended December 31, 2022			
	US\$	US\$	US\$	US\$
	US	Hong Kong	PRC	Consolidated
Income/(Loss) before income taxes	8,776	(1,317,169)	(177,053)	(1,485,445)
Income tax computed at applicable tax rates	1,843	(217,333)	(44,263)	(259,753)
Effect of different tax rates in different jurisdictions	451	—	—	451
Non-deductible expenses	—	—	785	785
Current losses unrecognized deferred income tax	—	—	43,478	43,478
Prior losses recognized deferred income tax in current period	—	(33,672)	—	(33,672)
Income tax expenses/(benefits)	2,294	(251,005)	—	(248,711)

Deferred tax assets

The significant components of the Company's deferred tax assets were as follows:

December 31,	December 31,
2023	2022

	US\$	US\$
Deferred tax assets		
Net operating loss carry forwards	103,548	90,567
Impairment of intangible assets	238,821	160,438
Valuation allowance	—	—
Total deferred tax assets	342,369	251,005

18. SHAREHOLDERS' EQUITY

On April 8, 2015, the Company completed its IPO on NASDAQ by offering 4,000,000 ADSs, representing 72 million ordinary shares at price of \$10 per ADS. On April 27, 2015, the Company issued an additional 220,000 ADSs, representing 3.96 million ordinary shares to the underwriter for exercising the overallotment option at price of \$10 per ADS. The total proceeds from issuance of ordinary shares upon IPO are \$37,294,600, after deducting the IPO related cost of \$3,000,000.

Upon the completion of the IPO, all of the Company's then outstanding Series A-1, Series A-2 and Series B preferred shares were automatically converted into 12,202,988, 122,029,877 and 30,507,471 ordinary shares respectively, and immediately after the completion of the IPO, the indebtedness owed to Mr. Maodong Xu ("Mr. Xu"), one of the Company's shareholders, amounting to \$69.4 million was converted into 124,835,802 ordinary shares.

On June 8, 2015, the Company issued 741,422,780 ordinary shares to the Company's original shareholders for the acquisition of the Company. In addition, the Company initially agreed to issue 72,000,000 ordinary shares of the Company to Mr. Xu at a purchase price of \$0.5556 per share, for a total purchase price of \$40,000,000. On September 7, 2015, the Company and Mr. Xu reduced the number of shares to be purchased through a supplemental agreement resulting in a final subscription amount of \$15,000,000 for 27,000,000 shares. On the same date, the Company issued an additional 27,000,000 ordinary shares to Mr. Xu in relation to his additional subscription.

On September 27, 2015, the Company issued and transferred 38,363,112 ordinary shares to its depository bank representing 2,131,284 ADSs, to be issued to employees and former employees upon the exercise of their vested share options and the registration of their vested RSUs.

On July 31, 2018, the Company decided to change the ADS-to-Share ratio from the ratio of one (1) ADS to eighteen (18) Shares to a new ratio of one (1) ADS to one hundred eighty (180) Shares.

On May 21, 2019, the Company issued 632,660,858 ordinary shares to Unicom's original shareholders for the acquisition of Unicom.

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On May 3, 2020, the Company issued 761,789,601 ordinary shares to NBpay's original shareholders for the acquisition of NBpay.

On May 20, 2020, the Company issued 90,000,000 ordinary shares to an investor through private placement for \$300,000.

On August 13, 2020, the Company issued and transferred 36,000,000 ordinary shares to its depository bank representing 1,000,000 ADSs, to be issued to employees and former employees upon the exercise of their vested share options and the registration of their vested RSUs.

On January 27, 2021 and March 3, 2021, the Company totally issued 210,000,000 ordinary shares to an investor for the private investment in public equity of \$700,000.

On March 1, 2021, the Company issued and transferred 394,200,000 ordinary shares to its depository bank representing 1,095,000 ADSs, to be issued to employees and former employees upon the exercise of their vested share options and the registration of their vested RSUs.

On September 8, 2021, the Company issued 571,428,570 ordinary shares to three investors for the private investment in public equity of 105.2385 Bitcoins with a market value of \$5 million.

On September 27, 2021, the Company issued and transferred 399,999,960 ordinary shares to its depository bank representing 1,111,111 ADSs, to be issued to employees and former employees upon the exercise of their vested share options and the registration of their vested RSUs.

On October 19, 2021, the Company issued 571,428,570 ordinary shares to three investors for the private investment in public equity of 5,000,000 USD Coins with a market value of approximately \$5 million.

On November 21, 2022, the Company issued 2,423,076,922 ordinary shares to three investors for the private investment in public equity (the "PIPE") of \$3.15 million, and issued 108,000,000 ordinary shares to pay the financing service fee of the PIPE.

On December 20, 2022, the Company issued 3,676,470,589 ordinary shares to two investors for the private investment in public equity (the "PIPE") of \$5 million.

On December 15, 2022, the Company entered into an asset purchase agreement with Huangtong International Co., Ltd., providing for the acquisition and purchase of Web3 decentralized storage infrastructure, including cryptocurrency mining servers, cables, and other electronic devices, for an aggregate consideration of USD\$5,980,000, payable in the Company's 2,718,181,818 ordinary shares. The Company issued the 2,718,181,818 ordinary shares on December 23, 2022.

On December 23, 2022, the Company entered into a Securities Purchase Agreement in connection with a private investment in public equity (the "PIPE") financing with an accredited non-U.S. investor to offer and sell the Company's units, each consisting of one ordinary share and three warrants for total gross proceeds of USD\$5 million. The Company issued the 4,545,454,546 ordinary shares to the investor upon receiving the \$5 million from the investor on January 10, 2023.

On December 29, 2022, the Company's Board of Directors approved to proceed with: 1) the share consolidation and simultaneous change of the ADR ratio; 2) the transfer of the register of members of the Company; and 3) the termination of the deposit agreement. The Board approved the proposal on the share consolidation to the authorized share capital (the "Share Consolidation") at a ratio of four hundred (400)-for-one (1) with the par value of each ordinary share changed to US\$0.004 per ordinary share. Further, as approved by the Board, the Company will effect a simultaneous change of the American Depositary Receipts ("ADRs") to ordinary share ratio from 1-to-360 to 1-to-1 (the "ADR Ratio Change"). The Board approved to terminate the Deposit Agreement, as amended (the "Deposit Agreement") effective on February 28, 2023, by and among the Company, Citibank, N.A., and the holders and beneficial owners of American Depositary Shares outstanding under the terms of the Deposit Agreement dated as of April 13, 2015 and as amended.

On February 28, 2023, when the Share Consolidation was effective, the Company's outstanding ordinary shares changed from 18,614,900,104 shares with a par value of \$0.00001 per share to 46,538,116 shares with a par value of \$0.004 per share. We have revised the number of ordinary shares amounts in the revised consolidated statements of Changes in Shareholders' Equity for the year ended December 31, 2022 and 2021, to retroactively present our 1-for-400 share consolidation in February 2023 back to the earliest period presented as stipulated in SAB 4C.

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On September 8, 2023, the Company totally issued 30,000 ordinary shares to two former independent directors as compensation for their previous services, and one legal advisor as

advisory fees.

On November 30, 2023, the Company priced a private investment in public equity ("PIPE") offering, through which it sold an aggregate of 14,251,781 units of its securities, each consisting of one (1) ordinary share and three (3) warrants, to one non-U.S. institutional investor at an offering price of \$0.421 per unit, for the gross proceeds of \$6 million, prior to the deduction of fees and offering expenses payable by the Company. The warrants are exercisable to purchase up to a total of 42,755,344 ordinary shares, for a period of three years commencing from November 30, 2023, at an exercise price of US\$1.00 per ordinary share. The Company intends to utilize the net proceeds derived from the PIPE for general working capital purposes, enhancing its human capital and business development. The PIPE financing proceeds were received on December 4, 2023.

As of December 31, 2023, the total outstanding common shares after the share consolidation is 60,819,897 shares.

19. SHARE BASED COMPENSATION

2011 Share Incentive Plan

On February 1, 2011, the Board of Directors approved the Company 2011 Share Incentive Plan ("2011 Plan"). The 2011 Plan provides for the grant of options, restricted shares, and other share-based awards.

The Company recognized compensation cost on the share options and restricted shares to employees under 2011 Plan on a straight-line basis over the requisite service period. The options granted during 2012 and 2013 vest ratably over 48 months and the options granted during 2014 vest on the first anniversary of the date of grant.

On July 27, 2015, the Board of Directors approved to grant 28,841,700 Restricted Share Units ("RSUs") awards pursuant to the 2011 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary share at the time the award vests with zero exercise price. The issued RSUs will vest 50%, and 50%, respectively, on each anniversary of the grant date. The Company recognizes share-based compensation cost on the RSUs on a straight-line basis over the vesting period from the grant date.

On September 1, 2015, the Board of Directors approved that all 3,312,618 unvested options and 28,639,900 RSUs granted under the 2011 Plan became vested and exercisable as of September 1, 2015. Meanwhile, the Board of Directors also approved that all vested and accelerated vested options and RSUs shall be exercised within 2 years from the acceleration date, i.e. September 1, 2017, which was subsequently extended by another 1 year approved by the Company on June 20, 2017. On August 31, 2018, the Company approved to extend the expiration date of these Accelerated Awards by another 1 year to September 1, 2019. On August 31, 2019, the Company approved to extend the expiration date of these Accelerated Awards by another 1 year to September 1, 2020. An amendment to an existing stock option to extend the exercise period is considered a modification of stock option. The incremental value of the stock option granted to the current employees is recorded as additional compensation cost and the fair value of the modified stock option granted to former employees is record as financial liability when it is material.

On July 1, 2016, under the 2011 Plan, the Board of Directors approved to grant 32,028,700 share options with exercise price of \$0.20 per share to its employees and management. 40%, 30% and 30% of the shares subject to the options shall vest on the second, third and fourth anniversary of the vesting commencement date, respectively, provided that the optionee continues to be a service provider to the Company.

On July 1, 2016, the Board of Directors also approved to grant 10,430,000 RSUs awards pursuant to the 2011 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs will vest 100% when the following two conditions are both met: a) on and after the first anniversary of the grant date and b) the market price of the Company's ADS is not less than \$7 per ADS. As the second condition was not met, nil RSU was vested as of December 31, 2019. The Company recognizes share-based compensation cost on the RSUs ratably over the 12 months from the grant date.

On July 9, 2020, the Board of Directors also approved to grant 550,001 RSUs awards pursuant to the 2011 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs has a four-year time-based vesting schedule with a one-year cliff. After the cliff, 1/12 of the remaining granted shares vest each quarter until the four-year vesting period is over. The Company recognizes share-based compensation cost on the RSUs ratably over the 4 years from the grant date.

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On January 3, 2021, the management approved to grant 123,000 RSUs awards pursuant to the 2011 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs can be exercised immediately.

On January 25, 2021, the management also approved to grant 224,000 RSUs awards pursuant to the 2011 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs can be exercised immediately.

On March 1, 2021, due to a big change in the Company's major shareholders, the management announced that all motivated employees could accelerate the exercise of all RSUs that had been granted but had not yet reached the exercise period, with zero exercise price.

2020 Share Incentive Plan

On November 24, 2020, the Board of Directors approved the Company 2020 Share Incentive Plan ("2020 Plan"). The 2020 Plan permits the awards of options, restricted shares, restricted share units or other types of awards approved by compensation committee of the board.

The Company recognized compensation cost on the restricted shares to employees under 2020 Plan on a straight-line basis over the requisite service period.

On November 24, 2020, the Board of Directors also approved to grant 205,600 RSUs awards pursuant to the 2020 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs issued RSUs has a four-year time-based vesting schedule with a one-year cliff. After the cliff, 1/12 of the remaining granted shares vest each quarter until the four-year vesting period is over. The Company recognizes share-based compensation cost on the RSUs ratably over the 4 years from the grant date.

On January 3, 2021, the management also approved to grant 140,000 RSUs awards pursuant to the 2020 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs can be exercised immediately.

On January 25, 2021, the management also approved to grant 100,000 RSUs awards pursuant to the 2020 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs can be exercised immediately.

On March 1, 2021, due to a big change in the Company's major shareholders, the management announced that all motivated employees could accelerate the exercise of all RSUs that had been granted but had not yet reached the exercise period, with zero exercise price.

On April 30, 2021, the management also approved to grant 20,000 RSUs awards pursuant to the 2020 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. The issued RSUs can be exercised immediately.

2021 Share Incentive Plan

On August 24, 2021, the Board approved the Company 2021 Share Incentive Plan ("2021 Plan"). The 2021 Plan permits the awards of restricted shares, restricted share units or other types of awards approved by compensation committee of the board.

The Company recognized compensation cost on the restricted shares to employees under 2021 Plan on a straight-line basis over the requisite service period.

On August 25, 2021, the management approved to grant 1,099,443 RSUs awards pursuant to the 2021 Plan. Each RSU represents the contingent right of the participant to receive an ordinary share. Each RSU is an agreement to issue ordinary shares at the time the award vests with zero exercise price. According to the decision of management, 527,777 RSUs can be exercised immediately, 50% of the rest 571,666 RSUs has a six months time-based vesting schedule, 50% of the rest 571,666 RSUs has a twelve months time-based vesting schedule.

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Restricted Shares Award Granted to Employees

There were no unvested restricted shares award issued under the 2011 Plan, 2020 Plan and the 2021 Plan at the beginning of the 2023. \$558,395 and nil share-based compensation charged to operating expenses of continuing operations for the year ended December 31, 2022 and 2023 under the 2011 Plan, 2020 Plan and 2021 Plan.

As of December 31, 2023, no unrecognized share-based compensation related to RSUs issued to employees and unrecognized share-based compensation related to share options of continuing operations remained.

20. RELATED PARTY BALANCES AND TRANSACTIONS

Nature of the relationships with related parties:

Name	Relationship with the Company
Kaiming Hu	Previous owner of NBpay group, former shareholder of MFH
Zhiyou Wang	Former director of MFH's affiliated companies, former shareholder of MFH
Radiance Holding (HK) Limited	Former shareholder of MFH
Wei Zheng	Director of MFH Tech
Ying Wang	Associated with Zhiyou Wang

a) As of December 31, 2023 and 2022, the following balance was due from the related party:

Net Amount due from the related party

		As of December 31, 2023 US\$	As of December 31, 2022 US\$
Kaiming Hu	(i)	—	—
Wei Zheng	(ii)	—	25,000

i. The receivable due from Mr. Kaiming Hu is \$556,083 at the end of December 31, 2021, related to capital contribution. Due to the changes of the Company's management and business team in the second half of 2021, the Company failed to collect the receivable from Mr. Kaiming Hu in a timely manner. The Company made full provision for doubtful accounts for this receivable at the end of 2021.

ii. On September 10, 2022, Mercurity Fintech Technology Holding Inc. ("MFH Tech"), a subsidiary of the Company, provided a loan of US \$25,000 to Mr. Wei Zheng with a term of one year. Mr. Wei Zheng serves as a director of our US subsidiary MFH Tech, and during 2023, this loan was converted into a reserve fund for the Company's new business. Mr. Wei Zheng had the right to continue holding and using the reserve fund. As of December 31, 2023, Mr. Wei Zheng had offset the reserve fund balance with the Company's business expenses advanced by him.

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b) As of December 31, 2023 and 2022, the following balance was due to the related party:

Net Amount due to the related party

		As of December 31, 2023 US\$	As of December 31, 2022 US\$
Zhiyou Wang	(i)	243,219	238,168
Radiance Holding (HK) Limited	(ii)	273,000	273,000
Ying Wang	(iii)	400,000	400,000

i. The amounts represent the payables of \$243,219 due to Zhiyou Wang related to the Company's borrowing from shareholders because of a temporary shortage of RMB funds. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Zhiyou Wang and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.

ii. The amounts represent the payables of \$273,000 due to Radiance Holding (HK) Limited related to the Company's borrowing shares from shareholders to pay agency fees with 100,000 ADSs of the Company. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Radiance Holding (HK) Limited and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.

iii. On June 13, 2022, the Company issued a promissory note to Ying Wang, a Singapore resident associated with Zhiyou Wang, in the principal amount of up to USD\$5,000,000 to provide for the Company's working capital. The Note has a term of one year with the maturity date on June 1, 2023 and bears no interest other than any applicable imputed interest charged by the appropriate government authority. The balance of the Note may be prepaid at any time before the Maturity Date. As of December 31, 2023, the Company has not yet repaid the loan due to the affiliated relationship between Ying Wang and Wei Zhu. The Company may not repay the debt until the Company recovers the digital assets wrongly seized by the Sheyang County Public Security Bureau.

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company leases certain office premises under non-cancellable leases. Rental expenses under operating leases for the year ended December 31, 2023 is \$358,044.

The future aggregate minimum lease payments under non-cancellable operating lease agreements were as follows:

Future Periods	US\$
For the year ended December 31, 2024	375,940
For the year ended December 31, 2025	288,594
Total	664,534

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22. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, the Company's subsidiary located in the PRC, being foreign invested enterprises established in the PRC, are required to provide for certain statutory reserves. These statutory reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund or discretionary reserve fund, and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires a minimum annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in China at each year-end); the other fund appropriations are at the subsidiaries' or the affiliated PRC entities' discretion. These statutory reserve funds can only be used for specific purposes of enterprise expansion, staff bonus and welfare, and are not distributable as cash dividends except in the event of liquidation of our subsidiaries, our affiliated PRC entities and their respective subsidiaries. The Company's subsidiaries are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital. As of December 31, 2023, the Company's PRC subsidiary did not have a general reserve that reached 50% of their registered capital threshold and therefore they will continue to allocate at least 10% of their after-tax profits to the general reserve fund.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the Board of Directors of each of the Company's subsidiaries.

As the Company's PRC subsidiaries have been operating at a loss, they have yet to set aside any certain statutory reserves as of December 31, 2023, and the appropriation to these reserves by the Company's PRC subsidiary was \$nil for the year ended December 31, 2023.

As a result of these PRC laws and regulations and the requirement that distributions by the PRC entities can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Company. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries. As of December 31, 2023, the net assets of the Company's PRC subsidiary were negative.

23. SUBSEQUENT EVENTS

Efforts to recover the Company's misplaced digital assets (the "Recovery Proceeding")

On February 4, 2024, the Yancheng Public Security Bureau replied to us with a "Criminal Compensation Review Decision", supporting the actions of the Sheyang County Public Security Bureau and rejecting the Company's national compensation application. Yancheng Public Security Bureau also believes that because they suspect that the crypto assets owned by the Company may be related to the suspect of the case they are investigating, and the Company can only apply for the national compensation after the relevant case is ended.

It is obvious that the Yancheng Public Security Bureau has ignored the fact that the Sheyang County Public Security Bureau's seizure of the Company's crypto assets lacks legal basis. Therefore, in accordance with the national compensation procedure, the Company mailed the relevant materials to the National Compensation Commission of Yancheng Intermediate People's Court on March 1, 2024, and applied to the National Compensation Commission of Yancheng Intermediate People's Court for a compensation decision.

As of now, the Company is still attempting to recover those lost crypto assets through administrative appeals.

The amendment of the Securities Purchase Agreement for the Unsecured Convertible Promissory Note of \$9 million

The Company and the Viner Total Investments Fund (the "Holder") have entered into a Securities Purchase Agreement dated January 31, 2023, pursuant to which the Company issued an Unsecured Convertible Promissory Note with issuance dated February 2, 2023 (the "Note", as amended in accordance with this Agreement) to the Holder.

On February 2, 2024, the Company and the Holder entered into an amendment agreement of the Securities Purchase Agreement. The Company and the Holder desire to amend the terms of the Note, pursuant to which the Company shall repay \$1,500,000 of the original U.S.\$9,000,000 principal amount to the Holder in consideration of amending certain terms of the Note. The Adjusted Principal Amount of U.S.\$7,500,000 from February 2, 2024 to February 1, 2025 (the "Maturity Date"), both at an annual rate of 5%, until the repayment of the Note unless converted into ordinary shares of the Company in accordance with the agreed conversion conditions. Interest on this Note shall be computed on the basis of a 365-day year and actual days elapsed. Interest accrued on this Note shall be payable in arrears on the Maturity Date of this Note and shall be forgiven and waived by the Holder upon conversion of the Note. No more interest shall accrue on the Accrued Interest of the Original Note from the date hereof until the Maturity Date.

As of February 29, 2024, we have paid the interest of \$450,000 for the period from February 2, 2023 to February 1, 2024, and repaid the principal of \$1.5 million.

The cancellation of the Mining Machine Sale Contract between the Company and Jinhe Capital Limited

On March 10, 2024, the Company and Jinhe Capital Limited ("Jinhe") entered into a Cancellation Agreement. According to the Cancellation Agreement, the original contract (under which Jinhe agreed to sell and the Company agreed to purchase 5,000 pieces of Antminer S19 PRO for a total amount of \$9 million) and the amendment (reducing the quantity from 5,000 pieces to 2,000 pieces of Antminer S19 PRO), were cancelled and terminated in its entirety. Both Jinhe and the Company release each other from all obligations under the original contract and the amendment.

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Registrar of Companies
Government Administration Building
133 Elgin Avenue
George Town
Grand Cayman

Mercurity Fintech Holding Inc. (ROC#259316) (the “Company”)

TAKE NOTICE that at the Annual General Meeting of the Company held on 2 October 2023, the following resolutions were passed:

The Inspector further stated that the shareholders represented by 32,415,878 ordinary shares entitled to vote had voted to approve, and it was resolved, as a special resolution, that the Fifth Amended and Restated Memorandum and Articles of Association, a copy of which is produced to the Meeting and marked “Appendix A” and initialed by the chairman of the Meeting for the purpose of identification, be approved and adopted as the Fifth Amended and Restated Memorandum and Articles of Association of the Company in substitution for and to the exclusion of the Fourth Amended and Restated Memorandum and Articles of Association of the Company with effect from the close of the Meeting (“Resolution 3”).

The Inspector further stated that the shareholders represented by 32,417,660 ordinary shares entitled to vote had voted to approve, and it was resolved, as an ordinary resolution, to increase the authorized share capital of the Company FROM US\$250,000 divided into 62,500,000 ordinary shares with a par value of US\$0.004 each, TO US\$4,000,000 divided into 1,000,000,000 ordinary shares of a par value of US\$0.004 each, by the creation of an additional 937,500,000 ordinary shares with a par value of US\$0.004 each (“Resolution 4”).

/s/ *Sophia Marsh*

Sophia Marsh
Senior Corporate Administrator
For and on behalf of
Maples Corporate Services Limited
Dated this 4th day of October 2023



Filed: 04-Oct-2023 16:14 EST
Auth Code: JP5145592484

www.verify.gov.ky File#: 259316

Company No.: 259316

FIFTH AMENDED AND RESTATED

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

MERCURITY FINTECH HOLDING INC.

Incorporated on the 13 day of July, 2011

(Adopted by way of a special resolution passed on October 2, 2023)

INCORPORATED IN THE CAYMAN ISLANDS



Filed: 04-Oct-2023 16:14 EST
Auth Code: JP5145592484

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THE COMPANIES ACT (AS REVISED)
Company Limited by Shares

FIFTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

MERCURITY FINTECH HOLDING INC.

(adopted by way of a special resolution passed on October 2, 2023)

1. The name of the Company is Mercurity Fintech Holding Inc..

2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:
- (a) (i) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.
 - (ii) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.
 - (b) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.
 - (c) To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.



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- (d) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.
- (e) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration thereof.
- (f) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors or the Company likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

4. Except as prohibited or limited by the Companies Act (As Revised), the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.



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5. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
6. The share capital of the Company is US\$4,000,000 divided into 1,000,000,000 Ordinary Shares with a par value of US\$0.004 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject

to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.

7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (As Revised) and, subject to the provisions of the Companies Act (As Revised) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.



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The Companies Act (As Revised)
Company Limited by Shares

FIFTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

MERCURY FINTECH HOLDING INC.

(Adopted by way of a special resolution passed on October 2, 2023)



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INTERPRETATION

TABLE A

1. The regulations in Table A in the Schedule to the Companies Act (As Revised) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

<u>WORD</u>	<u>MEANING</u>
“Audit Committee”	the audit committee of the Company formed by the Board pursuant to Article 124 hereof, or any successor audit committee.
“Auditor”	the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.
“Articles”	these Articles in their present form or as supplemented or amended or substituted from time to time.
“Board”	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
“capital”	the share capital from time to time of the Company.
“clear days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.

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“Company”	Mercurity Fintech Holding Inc..
“competent regulatory	a competent regulatory authority in the territory where authority” the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.
“debenture” and	include debenture stock and debenture stockholder
“debenture holder”	respectively.

“Designated Stock Exchange”	the Nasdaq Global Market.
“dollars” and “\$”	dollars, the legal currency of the United States of America.
“Exchange Act”	the Securities Exchange Act of 1934, as amended.
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
“Act”	The Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof.
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“month”	a calendar month.
“Office”	the registered office of the Company for the time being.
“ordinary resolution”	a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ notice in writing has been duly given;



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“paid up”	paid up or credited as paid up.
“Register”	the principal register and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
“SEC”	the United States Securities and Exchange Commission.
“Seal”	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.
“Secretary”	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
“special resolution”	a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ notice in writing, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. <i>Provided that</i>, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than ten (10) clear days’ notice in writing has been given; a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.



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“Statutes”	the Act and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.
“year”	a calendar year.

(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include both gender and the neuter;
- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;

- (d) the words:
- (i) “may” shall be construed as permissive;
- (ii) “shall” or “will” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, *provided* that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;



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- (f) references to any law, Act, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;
- (h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (i) Section 8 and 19(3) of the Electronic Transactions Act (As Revised) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be US\$4,000,000 divided into 1,000,000,000 shares of a par value of \$0.004 each.
- (2) Subject to the Act, the Company’s Memorandum and Articles of Association and, where applicable, the rules of the Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.
- (3) No share shall be issued to bearer.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with the Act alter the conditions of its Memorandum of Association to:
- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;



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- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) without prejudice to the powers of the Board under Article 12, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Board may determine *provided* always that, for the avoidance of doubt, where a class of shares has been authorized by the Members no resolution of the Members in general meeting is required for the issuance of shares of that class and the Board may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further *provided* that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”;
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under Article 4 and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some persons to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company’s benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be



6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Act, reduce its share capital or any capital redemption reserve in any manner permitted by the Act.
7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to the provisions of the Act, the rules of the Designated Stock Exchange and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 12 hereof, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
9. Subject to the Act, any preferred shares may be issued or converted into shares that, at a designated date or at the option of the Company or the holder if so authorised by its Memorandum of Association, are liable to be redeemed on such terms and in such manner as the Members before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable laws and the rules of the Designated Stock Exchange.



VARIATION OF RIGHTS

10. Subject to the Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
- (a) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons (or in the case of a Member being a corporation, its duly authorized representative) together holding or representing by proxy not less than one-third in nominal value of the issued shares of that class;
 - (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
 - (c) any holder of shares of the class present in person or by proxy or authorised representative may demand a poll.
11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act, these Articles and, where applicable, the rules of the Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions and for any reason including, without limitation, in response to a perceived undervalued offer in a tender offer of the Company's securities, or as the Board may in its absolute discretion determine, but so that no shares shall be issued at a discount to par value. In particular and without prejudice to the generality of the foregoing, the Board is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of preferred shares and to fix the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, and to increase or decrease the size of any such class or series (but not below the number of shares of any class or series of preferred shares then outstanding) to the extent permitted by the Act. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any class or series of preferred shares may, to the extent permitted by the Act, provide that such class or series shall be superior to, rank equally with or be junior to the preferred shares of any other class or series.



(2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

(3) The Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
14. Except as required by the Act, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by the Act any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.



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15. Subject to the Act and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as a Member, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Board may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.
17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.
- (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the payment of such reasonable out-of-pocket expenses as the Board from time to time determines.
19. Share certificates shall be issued within the relevant time limit as prescribed by the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.



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20. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article 20. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.
- (2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine *provided* that the Board may at any time determine a lower amount for such fee.
21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company *provided* always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share that is not a fully paid share, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share that is not a fully paid share registered in the name of a Member

(whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the payment or discharge of the same shall have actually become due or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member of the Company or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article 22.



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23. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall, subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale, be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' notice in writing specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.



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28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest in whole or in part.
29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice in writing:
- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
 - (b) stating that if the notice in writing is not complied with the shares on which the call was made will be liable to be forfeited.
- (2) If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such notice.
36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.
37. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with, if the Board shall in its discretion so requires, interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article 38 any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:
- (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;

- (b) the date on which each person was entered in the Register; and
- (c) the date on which any person ceased to be a Member.

(2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of \$2.50 or such other sum specified by the Board, at the Office or Registration Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after compliance with any notice requirement of the Designated Stock Exchange, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of the Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If corporate action without a general meeting is to be taken, the record date for determining the Members entitled to express consent to such corporate action in writing, when no prior action by the Board is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its head office. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.



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A determination of the Members of record entitled to notice of or to vote at a meeting of the Members shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

TRANSFER OF SHARES

46. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee *provided* that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to Article 46, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share that is not a fully paid up share to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share that is not a fully paid up share on which the Company has a lien.

(2) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register. In the event of any such transfer, the Member requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.



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(3) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Act.

49. Without limiting the generality of Article 48, the Board may decline to recognise any instrument of transfer unless:-

- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;

- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.
50. If the Board refuses to register a transfer of any share, it shall, within three months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the Designated Stock Exchange, be suspended and the register of members be closed at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.



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TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.
53. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or the Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.
54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 75(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 55, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.



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- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares sent during the relevant period in the manner authorised by these Articles have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article 55 shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it.
57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board.
58. The Board may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (a) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than 30% of the share capital of the Company as at that date carries the right of voting at general meetings of the Company.
 - (b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the principal place of business of the Company (with a copy forwarded to the registered office), and may consist of several documents in like form each signed by one or more requisitionists.
 - (c) If the Directors do not within 21 calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 calendar days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said 21 calendar days.
 - (d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ten (10) clear days' notice in writing but a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.
- (2) The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. notice in writing of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.
60. The accidental omission to give notice in writing of a meeting or (in cases where instruments of proxy are sent out with the notice) to send such instrument of proxy to, or the non-receipt of such notice or such instrument of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:
- (a) the declaration and sanctioning of dividends;
 - (b) consideration and adoption of the accounts and balance sheet and the reports of the Board and Auditors and other documents required to be annexed to the balance sheet;
 - (c) the election of Directors;

- (d) appointment of Auditors (where special notice of the intention for such appointment is not required by the Act) and other officers; and
- (e) the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, two (2) Members entitled to vote and present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing not less than one-third in nominal value of the total issued voting shares in the Company throughout the meeting shall form a quorum for all purposes.

- 62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
- 63. The Chairman of the Board shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.
- 64. The chairman may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.



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- 65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

- 66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or, before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, a poll is demanded by the chairman of such meeting or by any one Member present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting. A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.
- 67. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.
- 68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. There shall be no requirement for the chairman to disclose the voting figures on a poll.



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- 69. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.
- 70. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
- 71. On a poll votes may be given either personally or by proxy.
- 72. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- 73. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Act. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

74. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, *provided* that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.



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(2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, *provided* that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

76. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
77. If:
- (a) any objection shall be raised to the qualification of any voter; or
 - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
 - (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

78. Any Member entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.



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79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
80. The instrument appointing a proxy and, if required by the Board, the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places, if any, as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no place is so specified at the Registration Office or the Office, as may be appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
81. Instruments of proxy shall be in any common form or in such other form as the Board may approve (*provided* that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, *provided* that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.
83. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) If a clearing house (or its nominee(s)) or a central depository entity, being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members *provided* that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house or central depository entity (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house or a central depository entity (or its nominee(s)) including the right to vote individually on a show of hands.
- (3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

NO ACTION BY WRITTEN RESOLUTIONS OF MEMBERS

85. Any action required or permitted to be taken at any annual or extraordinary general meetings of the Company may be taken only upon the vote of the Members at an annual or extraordinary general meeting duly noticed and convened in accordance with these Articles and the Act and may not be taken by written resolution of Members without a meeting.

BOARD OF DIRECTORS

86. (1) Unless otherwise determined by the Members in general meeting, the number of Directors shall not be less than three (3). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall hold office until their successors are elected or appointed or their office is otherwise vacated.
- (2) Subject to the Articles and the Act, the Members may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board.
- (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board to fill a casual vacancy shall hold office for the remaining term of the Director in whose place he is appointed and shall be eligible for re-election at the expiry of the said term.
- (4) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (5) Subject to any provision to the contrary in these Articles, a Director may be removed by way of an ordinary resolution of the Members at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).
- (6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. Any Director so appointed by the Members or the Directors shall hold office for the remaining term of the Director in whose place he is appointed.

(7) The Members may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

DISQUALIFICATION OF DIRECTORS

87. The office of a Director shall be vacated if the Director:

- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
- (2) becomes of unsound mind or dies;
- (3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or
- (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (5) is prohibited by law from being a Director; or
- (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

88. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article 90 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.



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89. Notwithstanding Articles 96, 97, 98 and 99, an executive director appointed to an office under Article 90 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

90. Any Director may at any time by notice in writing delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative *provided* that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if we were a Director, would cause him to vacate such office or if his appointor ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by notice in writing signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

91. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.



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92. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from the People's Republic of China or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

93. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director *provided* always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

94. The Directors shall receive such remuneration as the Board may from time to time determine.
95. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
96. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.



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97. The Board shall determine any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

98. A Director may:
- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
 - (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
 - (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and, unless otherwise agreed, no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such other company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.



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Notwithstanding the foregoing, no "Independent Director" as defined in the rules of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, and with respect of whom the Board has determined constitutes an "Independent Director" for purposes of compliance with applicable law or the Company's listing requirements, shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director's status as an "Independent Director" of the Company.

99. Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established *provided* that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 102 herein. Any such transaction that would reasonably be likely to affect a Director's status as an "Independent Director", or that would constitute a "related party transaction" as defined by Item 7.N of Form 20F promulgated by the SEC, shall require the approval of the Audit Committee.
100. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general notice in writing to the Board by a Director to the effect that:
- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice in writing be made with that company or firm; or

- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice in writing be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, *provided* that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

101. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the listing rules of the Company's Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

GENERAL POWERS OF THE DIRECTORS

102. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Members in a general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Members in a general meeting, but no regulations made by the Members in a general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

- (3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

- (a) To give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed.
- (b) To give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.
- (c) To resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Act.

103. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

104. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.

105. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from

time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

106. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
107. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.
- (2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

BORROWING POWERS

108. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.



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109. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
110. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Members, appointment of Directors and otherwise.
111. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

112. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
113. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the chief executive officer or chairman, as the case may be, or any Director.
114. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a simple majority of the members of the Board. An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate *provided* that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.



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- (2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- (3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
115. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.
116. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

117. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
118. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.
- (2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.



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119. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.
120. A resolution in writing signed by all the Directors except such as are temporarily unable to act due to ill-health or disability shall (*provided* that such number is sufficient to constitute a quorum and further *provided* that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.
121. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

COMMITTEES

122. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules of the Designated Stock Exchange and the rules and regulations of the SEC.
123. (1) The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.



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- (2) The Audit Committee shall meet at least once every financial quarter, or more frequently as circumstances dictate.
124. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest. Specially, the Audit Committee shall approve any transaction or transactions between the Company and any of the following parties: (i) any shareholder owning an interest in the voting power of the Company or any subsidiary of the Company that gives such shareholder significant influence over the Company or any subsidiary of the Company, (ii) any director or executive officer of the Company or any subsidiary of the Company and any relative of such director or executive officer, (iii) any person in which a substantial interest in the voting power of the Company is owned, directly or indirectly, by any person described in (i) or (ii) or over which such a person is able to exercise significant influence, and (iv) any affiliate (other than a subsidiary) of the Company.

OFFICERS

125. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles. In addition to the officers of the Company, the Board may also from time to time determine and appoint managers and delegate to the same such powers and duties as are prescribed by the Board.
- (2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one Director is proposed for this office, the election to such office shall take place in such manner as the Directors may determine.
- (3) The officers shall receive such remuneration as the Directors may from time to time determine.
126. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Articles or as may be prescribed by the Board.

127. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.
128. A provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

129. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Act or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Act.

MINUTES

130. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the Office.

SEAL

131. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article 133 shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

132. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee thereof which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

133. (1) The Company shall be entitled to destroy the following documents at the following times:

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. *Provided* always that: (1) the foregoing provisions of this Article 135 shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article 135 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article to the destruction of any document include references to its disposal in any manner.



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(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in subparagraphs (a) to (e) of paragraph (1) of this Article 135 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf *provided* always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

134. Subject to the Act, the Company in general meeting or Board may from time to time declare dividends in any currency to be paid to the Members.

135. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Act.

136. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide,

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

137. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment. The Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights



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138. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

139. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

140. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register

in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

141. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.



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142. Whenever the Board has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

143. (1) Whenever the Board has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, *provided* that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' notice in writing to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or



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- (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' notice in writing to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article 45 shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article 145 in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.
- (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 145, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Board may resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article 145 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.
- (4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article 145 shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

144. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Act. The Company shall at all times comply with the provisions of the Act in relation to the share premium account.
- (2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

145. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the basis that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution *provided* that, for the purposes of this Article 147, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

146. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under Article 147 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

147. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

- (1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:
- (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article 149) maintain in accordance with the provisions of this Article 149 a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;



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- (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by the Act;
- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
- (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and



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- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by the Act, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.
- (2) Shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.
- (3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Article without the sanction of a special resolution of such warrant holders or class of warrant holders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

ACCOUNTING RECORDS

148. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.
149. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by the Act or authorised by the Board or the Members in general meeting.
150. Subject to Article 153, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by the Act to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 *provided* that this Article 156 shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.
151. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 152 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, *provided* that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
152. The requirement to send to a person referred to in Article 152 the documents referred to in that article or a summary financial report in accordance with Article 153 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 152 and, if applicable, a summary financial report complying with Article 153, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

153. Subject to applicable law and rules of the Designated Stock Exchange, the Board may appoint an Auditor to audit the accounts of the Company. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.
154. Subject to the Act the accounts of the Company shall be audited at least once in every year.
155. The remuneration of the Auditor shall be determined by the Audit Committee or, in the absence of such an Audit Committee, by the Board.
156. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.
157. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
158. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

159. Any notice in writing or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice in writing being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
160. Any notice in writing or other document:
- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
 - (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;



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- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
 - (d) may be given to a Member in the English language or such other language as may be approved by the Directors, subject to due compliance with all applicable Statutes, rules and regulations.
161. (1) Any notice in writing or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice in writing or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- (2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
- (3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.



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SIGNATURES

162. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received.

WINDING UP

163. (1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
- (2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.
164. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members of the Company shall be more than sufficient to

repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, a nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.



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INDEMNITY

165. (1) The Directors, Secretary and other officers for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, *provided* that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company, *provided* that such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

166. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.



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INFORMATION

167. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

FINANCIAL YEAR

168. Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, shall begin on 1st January in each year.



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CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. REDACTED INFORMATION IS INDICATED BY [***]

ORIGIN STORAGE FILECOIN Mining Service Contract ORIGIN STORAGE FILECOIN 挖矿服务合同

This Filecoin Mining Service Agreement (this “Agreement”) is made as of 05/12/2023 (“Effective Date”), entered by and between:

本 Filecoin 挖矿服务协议（本“协议”）于 05/12/2023（“生效日期”）制定，由以下各方签订：

- (1) **MERCURY FINTECH TECHNOLOGY HOLDING INC.**, a company registered in New York, United States, having its registered office address at 1330 Ave of Americas, New York, NY 10019 (“Party A”); and
MERCURY FINTECH TECHNOLOGY HOLDING INC., 一家在美国纽约州注册的公司，其注册办公地址位于 1330 Ave of Americas, New York, NY 10019（“甲方”）；以及
- (2) **ORIGIN STORAGE PTE. LTD.**, a company registered in Singapore, having its registered office address at 3 Temasek Avenue, #22-01, Centennial tower Singapore 039190 (“Party B”);
ORIGIN STORAGE PTE. LTD., 一家在新加坡注册的公司，其注册办公地址位于 3 Temasek Avenue, #22-01, Centennial tower Singapore 039190（“乙方”）

(collectively, the “Parties” and each a “Party”) (统称为“双方”，各为“一方”)

WHEREAS Party A wishes to procure Party B to provide Filecoin Mining services subject to the terms and conditions of this Agreement. The Filecoin Mining services include but not limited Storage Server services, Computing Sealing Server services and technical services (collectively referred to as “Services”).

NOW, THEREFORE, the Parties mutually agree as follows:

鉴于甲方希望促使乙方根据本协议的条款和条件提供 Filecoin 挖矿服务。Filecoin 挖矿服务包括但不限于存储服务器服务、计算封装服务器服务和技术服务（“服务”）。因此，双方共同商定如下：

1. DEFINITIONS AND INTERPRETATION 定义和解释

1.1 In this Agreement, unless the context otherwise requires:

在本协议中，除非上下文另有要求，否则：

“**Business Day**”: means a day (other than a Saturday or a Sunday) on which banks are open for business in Singapore;

“**营业日**”: 指新加坡的银行开门营业的日子（周六或周日除外）；

“**Computing Sealing Server**”: means the hardware used for Sector Sealing;

“**计算封装服务器**”: 指用于扇区封装的硬件；

“**Filecoin**”: means the open-source decentralized cloud storage marketplace, protocol and incentive layer on IPFS;

“**Filecoin**”: 指 IPFS 上的开源的去中心化云存储市场、协议和激励层；

“**FIL**”: means the native digital currency available as an incentive token who participates in the Filecoin network as a storage provider;

“**FIL**”: 指作为激励存储提供商参与 Filecoin 网络，提供的原生数字货币；

“**Good Industry Practice**” means the standards which fall within the upper quartile in the global payment software and services industry for the provision of comparable services which are substantially similar to the Services or the relevant part of them, having regard to all relevant factors. Such standards include but are not limited to the exercise of that degree of care, diligence and skill which would reasonably and ordinarily be expected from a skilled, professional and experienced person engaged in the same type of undertaking under the same or similar circumstances;

“良好的行业惯例”是指在考虑到所有相关因素的情况下，在全球支付软件和服务行业提供与服务，或其相关部分基本类似的服务时，位于前 25% 的标准。这些标准包括但不限于行使在相同或类似情况下从事同一类型业务的熟练度、专业性和有经验的人员在合理范围内和通常期望下的严谨性、勤勉程度和技术水平；

“IPFS”: means InterPlanetary File System which is a protocol and peer-to-peer network for storing and sharing data in a distributed file system based on blockchain technology;

“IPFS”: 指星际文件系统，它是一种协议和点对点网络，用于在基于区块链技术的分布式文件系统中存储和共享数据；

“Mining” or “Mine”: means the process in which storage capacity is provided to the Filecoin network for the network users to store data and computing cryptographic proofs to verify storage over time in return for FIL;

“挖矿”: 指向 Filecoin 网络提供存储容量，供网络用户存储数据并计算加密证明，以随着时间的推移验证存储，以换取 FIL 的过程；

“Miner”: means the person who participates in Mining;

“矿工”: 指参与挖矿的人；

“Reward”: means as prescribed in Clause 2.2(d);

“奖励”: 指第 2.2(d)条规定的方式；

“Pledge Collateral”: means the initial commitment of FIL provided as a stake in the Filecoin network of which such FIL shall be used to collateralise storage;

“质押抵押品”: 指为 Filecoin 网络中的股份提供的初始承诺的 FIL，此类 FIL 将用于抵押存储；

“Sector”: means the basic unit of storage on Filecoin;

“Sector”: 指 Filecoin 上的基本存储单位；

“Sealing”: means the process to encode the data in the Sector with the use of the Computing Sealing Server;

“封装”: 指使用计算封装服务器对扇区中的数据进行编码的过程；

“Storage Server”: means the hardware that allows the storage of data for the purpose of Mining on Filecoin network.

“存储服务器”: 指允许存储数据的硬件，以便在 Filecoin 网络上进行挖矿。

1.2 Words importing the singular include the plural and vice versa, words importing any gender include every gender, words importing persons include bodies corporate and unincorporate and references to time shall mean Singapore time.

表示单数的单词包括复数，反之亦然，表示任何性别的单词包括每个性别，表示人员的单词包括法人团体和非法法人团体，对时间的引用应表示新加坡时间。

1.3 References to Clauses and other provisions in this Agreement and the Schedules to this Agreement are references to Clauses and other provisions of this Agreement and the Schedules to this Agreement and terms defined in the Recitals shall have the same meanings where used throughout this Agreement.

在本协议和本协议附表中提到的条款和其他规定是指本协议和本协议附表中的条款和其他规定，在附录中定义的术语在本协议中使用时应具有相同的含义。

1.4 Clause headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

条款标题仅供参考，不得影响本协议的解释。

2. SERVICES 服务

2.1 Party A shall purchase the Services from Party B at the price and payment terms set out in Schedule 1.

甲方应按附表 1 中规定的价格和付款条件从乙方购买本服务。

2.2 Subject to the terms and conditions of this Agreement, Party B shall use due care and skill in accordance with Good Industry Practice to:

根据本协议的条款和条件，乙方应按照良好的行业惯例，采用适当的谨慎和技术，以：

(a) and seek to reasonably minimize material interruptions in this Mining process;

设法合理地减少此挖矿过程中的实质性中断;

- (b) provide all technical services necessary for the purpose of Mining;
提供挖矿所需的所有必要技术服务;
- (c) monitor the Computing Sealing Server and Storage Server through its own software system to have a comprehensive understanding of the data access in order to optimize Mining;
通过自己的软件系统监控计算封装服务器和存储服务器, 全面了解数据访问情况, 以优化挖矿;
- (d) in view that FIL may be generated as a result of Mining ("Reward") during the duration of the Agreement, distribute such Reward to Party A's user ID that will be created for the Party A ("UID") in the Party B's mobile application ("App") on a daily basis, subject to Clause 2.3. Such Reward may be monitored in real-time on the decentralized Filecoin network.

根据第 2.4 条的规定, 鉴于在本协议有效期内挖矿可能产生的 FIL ("奖励"), 在乙方的移动应用程序 ("App") 中, 每天向甲方的创建的用户 ID ("UID") 分发该奖励。此类奖励可以在分散的 Filecoin 网络上实时监控。

- 2.3 The relevant service fees associated with the Computing Sealing Server services described in Schedule 1 is a unified charge, which includes charges for electricity, management and subscription of the computing power. Further the relevant service fees associated with Storage Server services described in Schedule 1 includes charges for the rental of the relevant Storage Server.

附表 1 所述计算密封服务器服务相关服务费用为统一收费, 包括电费、管理费和算力订阅费。此外, 与附表 1 中描述的存储服务器服务相关的相关服务费用包括相关存储服务器的租赁费用。

- 2.4 Amount of the Reward that may be generated will subject to any blockchain transaction fees ("Gas")

可能产生的奖励金额将受到任何区块链交易费用 ("Gas") 和乙方收取的技术服务费的影响

- (a) In case of independent node where Party A owns the private key, Party A shall immediately transfer the technical service fee to the Party B's designated wallet on or before the end of each calendar day;

在甲方拥有私钥的独立节点的情况下, 甲方应在每天结束或之前, 及时将技术服务费转入乙方的指定钱包;

- (b) In all other cases, Party B will only distribute the Reward generated from Mining that is attributable to Party A after collecting the technical service fee due to Party B.

在所有其他情况下, 乙方会在收取应付给乙方的技术服务费后, 分配由挖矿产生的属于甲方的奖励。

- 2.5 Party A shall provide the initial FIL Pledge Collateral for the purpose of Mining. Such collateral ownership shall remain with the Party A when the Sector lifecycle has ended. Party A hereby represents and warrants that it is the legal and beneficial owner of such FIL Pledge Collateral and sent to the wallet address designated by Party B herein. Party A may withdraw the Pledge Collateral after the Pledge Collateral has been released according to the withdrawal rules. The amount of FIL shall be advised by Party B accordingly.

甲方应提供初始 FIL 质押抵押品用于挖矿。当扇区生命周期结束时, 此类抵押品所有权应归甲方所有。

甲方在此声明并保证其是该等 FIL 质押品的合法受益人, 并发送至乙方在本协议中指定的钱包地址。质押品按退还规则解除后, 甲方可退回质押品。FIL 的数量由乙方另行通知。

- 2.6 Party A agrees that the Party B may use its affiliates and any third-party contractors, vendors and/or service providers to provide the services in whole or in part in this Clause **Error! Reference source not found.**

甲方同意, 乙方可以使用其关联公司和任何第三方承包商、供应商和/或服务提供商来提供本第 **Error! Reference source not found.** 条中的全部或部分服务。

- 2.7 Changes deemed necessary by Party B due to technical upgrades, software updates, etc., or acts that may optimize the software services shall be considered as Party B's authority. Party A shall unconditionally defer to

Party B's professional opinion, whereby Party B's unilateral acts of change shall not be considered as a breach of contract.

因技术升级、软件更新等原因，乙方认为有必要进行的变更，或可优化软件服务的行为，应视为乙方的权力，甲方应无条件信任乙方的专业性，据此乙方的单方变更行为，不视为违约。

- 2.8 The Services provided herein shall be effective on the Effective Date. Party B has the right to refuse or charge a fee for the service requests made by Party A other than those provided in writing in this Clause **Error! Reference source not found.**

本条款提供的服务应在生效日期生效。乙方有权拒绝甲方提出的除本第 2 条书面规定以外的服务要求或收取一定的费用。

- 2.9 This Agreement shall come into force as of the date of signature by both Parties. Party B's Services for Mining shall terminate [720] calendar days after the first Filecoin block is generated. The creation time of the first Filecoin block shall be subject to the publication time on <http://filecoin.io>.

本协议自双方签署之日起生效。乙方的挖矿服务应在第一个 Filecoin 区块生成后的 [720] 日历天终止。第一个 Filecoin 区块的创建时间应以 <http://filecoin.io> 的发布时间为准。

3. [BLANK 空]

4. Payment 付款

4.1 Account Information 账户信息

- (a) Party A shall pay the total amount under this Agreement to Party B in a lump sum by transfer on the date of signing this Agreement. All prices do not include tax, including but not limited to value-added tax and/or goods and services tax.

甲方应在本协议签署之日以转账方式向乙方一次性支付本协议项下的总金额。所有价格均不含税，包括但不限于增值税和/或商品及服务税。

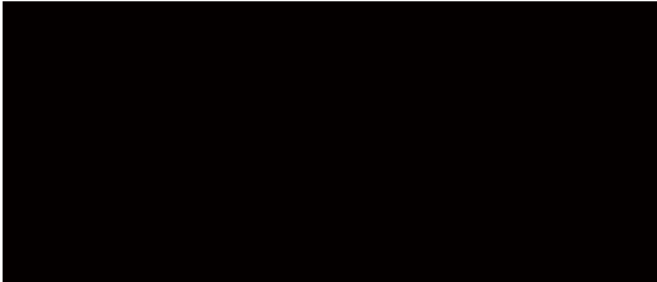
- (b) Party A shall make the relevant payment to Party B's designated bank account or wallet address (as applicable) as follows:

- (b) 甲方应按以下方式向乙方指定的银行账户或钱包地址（如适用）支付相关款项：

Digital Wallet Address [***]



Bank Account Details [***]



- 4.2 According to the provisions of relevant income tax laws, each Party shall bear its own respective income tax liability in accordance with their respective tax obligations under all applicable laws.

根据相关所得税法的规定，各方应根据所有适用法律规定的各自纳税义务，承担各自的所得税责任。

5. Rights and Obligations of Both Parties 双方权利及义务

5.1 Rights and obligations of Party A 甲方权利义务

5.1.1 Party A acknowledges and accepts 甲方承认并接受：

- (a) the risks associated with blockchain technologies, cryptographic currencies and Mining;
与区块链技术、加密货币和挖矿相关的风险;
- (b) the Reward generated by Mining is dependent on various factors which include factors that may not be under the control by Party B;
挖矿产生的奖励取决于各种因素，包括不受乙方控制的因素;
- (c) the risks of blockchain protocol and network, including instability, congestion, high transaction costs, network latency, information security, regulatory risk and technological and operational errors;
区块链协议和网络的风险，包括不稳定，拥堵，高交易成本，网络延迟，信息安全，监管风险以及技术和操作错误;
- (d) in view of the particularity of blockchain networks, Party B is not responsible for any diminished Rewards if Mining rules has been changed, interrupted or terminated in part or in whole on the Filecoin network; and
鉴于区块链网络的特殊性，如 Filecoin 网络上的挖矿规则部分或全部被更改，中断或终止，乙方不对任何减少的奖励负责;以及
- (e) it is exclusively responsible for the confidentiality of its login credentials to the App.
甲方对其登录 App 的凭证的保密性负完全责任。

5.1.2 If Party A has the ownership of the Servers, Party A shall take the Servers away before the expiration of the Services; if Party A needs Party B's assistance in mailing the Servers, Party A shall inform Party B of the designated mailing address of the Servers two weeks in advance, and Party A shall bear the mailing cost. 如甲方拥有服务器的所有权，甲方应在服务期满前将服务器带走；如甲方需要乙方协助邮寄服务器，甲方应提前两周将服务器的指定邮寄地址告知乙方，并由甲方承担邮寄费用。

5.1.3 In the event Party A has possession, custody or control of the private key, Party A undertakes that it is the sole and exclusive responsibility of Party A to ensure that the private key shall not be provided, leaked or otherwise disclosed to any third parties. Party A undertakes that Party B will not be responsible for any losses due to Party A's provision, leakage or disclosure of its private key to any third party or as a result of a loss of access to its private key.

在甲方占有、保管或控制私钥的情况下，甲方承诺，确保不向任何第三方提供、泄露或以其他方式披露私钥是甲方的唯一和专属责任。甲方承诺，乙方不对因甲方向任何第三方提供、泄露或披露其私钥，或因失去对其私钥的访问而造成的任何损失负责。

5.2 Rights and obligations of Party B 乙方权利义务

5.2.1 Party B has the right to refuse or charge a certain fee for the service requests made by Party A other than those agreed in this Agreement. In the event that the Server(s) belong to Party A, Party B can provide Servers maintenance service to Party A upon Party A's application, but the corresponding expenses incurred, if any, shall be borne by Party A. The specific expenses shall be determined by Party A and Party B before the maintenance.

乙方对甲方提出的关于本协议约定以外的服务请求有权拒绝或者收取一定费用。如服务器属于甲方，经甲方申请，乙方可向甲方提供服务器维护服务，但发生的相应费用如有，由甲方承担，具体费用由甲乙双方在维护前确定。

- 5.2.2 In view of the particularity of network services, if the Servers provided by Party B may or has been changed, interrupted, or terminated in part or in whole, Party B shall notify Party A 30 days in advance and assist Party A to find an alternative and effective solution to best reasonable efforts.
鉴于网络服务的特殊性,若乙方提供的存储服务可能出现或者已经出现部分或全部变更、中断或终止,乙方应提前三十天通知甲方,并协助甲方寻找替代的有效解决方案。
- 5.2.3 Party B shall maintain the service platform or related Servers periodically. If the Services are interrupted or functions cannot be fully performed due to such circumstances, directly caused by Party B, then Party B shall immediately rectify the service disruption and the term of the contract shall be extended to compensate for the downtime caused by such service disruption.
乙方应定期对服务平台或相关服务器进行维护。如因乙方直接原因导致服务中断或功能无法完全发挥,则乙方应立即纠正服务中断,并延长合同期限以补偿因服务中断而造成的停机时间。
- 5.2.4 Party B shall ensure that Party A's private key of the relevant node (node nos. [***] ██████████) are hosted securely, and if the private key is leaked due to reasons solely which are solely within Party B's control and responsibility, Party B shall be reasonably liable for the losses which are directly caused by Party B's actions or omission.
乙方应确保甲方相关节点(节点号:[***] ██████████)的私钥安全托管,如因完全属于乙方控制和责任范围内的原因导致私钥泄露,乙方应合理承担因乙方作为或不作为直接造成的损失。
- 5.2.5 Party B shall release and cause all the assets in the node belonging to Party A to be returned to Party A upon the relevant node's (node nos. [***] ██████████) expiration.
乙方应在相关节点(节点编号:[***] ██████████)到期后,将节点内属于甲方的所有资产释放并归还甲方。

6. REPRESENTATION AND WARRANTY 声明和保证

6.1 Party A represents and warrants that 甲方声明并保证:

- (a) it has full power and authority to enter into the Agreement;
甲方有充分的权力和授权签订协议;
- (b) neither it nor any of its subsidiaries or, to the best knowledge of the Party or its representatives, any of its directors, officers, shareholders or employees is such an entity or individual who is a target of any sanction law or the country or region in which they are located, bound, organized, or settled, or their government, is currently the target of national sanctions imposed by the sanctioning organ of any sovereign national government.
甲方或其任何子公司,或据该方或其代表所知,其任何董事、高级职员、股东或员工均不是任何制裁法律或其所在国家或地区或其政府的目标实体或个人,也不是当前任何主权国家政府的制裁机构实施国家制裁的目标。
- (c) it will comply with all laws and regulations applicable to its provision, or use, of the Services in their respective jurisdiction. If for any reason whatsoever the Party conducts or continues any activities that breach any applicable laws, then the Party shall bear full responsibility for compliance with all applicable laws in relation to the activities contemplated herein. Party A has sole and exclusive responsibility for compliance with all applicable laws in relation to the activities contemplated hereunder and agrees that Party B is only a technology service provider. If Party B reasonably suspects that Party A is in breach of any applicable laws, Party B shall be entitled to terminate the Agreement immediately without prior notice. If for any reason whatsoever Party A continues any activities that breach any applicable laws, then Party A shall bear full responsibility for compliance with all applicable local laws in relation to the activities contemplated herein. Party A shall indemnify Party B (including its shareholders, directors, employees, agents, and representatives) absolutely and forever, from and against all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, legal fees, and any other expenses whatsoever, whether criminal, civil, or commercial in nature, arising from Party A's aforementioned responsibility to comply with all

applicable local laws.

甲方将遵守其使用本协议项下的服务所适用的所有相关法律。如果由于任何原因，甲方进行或继续进行任何违反任何适用法律的活动，那么甲方应承担遵守与本协议所设想的活动有关的所有适用法律的全部责任。甲方对遵守与本协议所设想的活动有关的所有适用法律负有唯一和专属责任，并同意乙方只是一个技术服务提供商。如果乙方合理地怀疑甲方违反了任何适用的法律，乙方有权立即终止本协议，而无需事先通知。如果出于任何原因，甲方继续进行任何违反任何适用法律的活动，那么甲方应承担遵守与本协议所设想的活动有关的所有适用的当地法律的全部责任。因甲方遵守所有适用的当地法律的责任而引起的索赔、行动、损害、诉讼、责任、义务、成本、费用、收费、法律费用和任何其他费用，无论是刑事、民事或商业性质的，甲方应绝对且永远地赔偿乙方（包括其股东、董事、雇员、代理人 and 代表）。

- (d) In the course of using the software and/or Servers provided by Party A, Party A shall be exclusively responsible for any loss of data, loss of increase in cost caused by any fault in the software, server failure, operation error as well as any loss caused by not using the software according to the normal operation specification or by theft, loss, damages or misuse of the software.

甲方及其服务器在使用软件过程中，因设备故障、操作失误等造成的数据丢失、损失或费用增加等，以及因未按正常操作规范使用本软件或因本软件被盗、丢失、损毁、误用所造成的损失均由甲方自行承担。

6.2 Party B represents and warrants that 乙方声明并保证：

- (a) it shall use commercially reasonable endeavors and due care and skill in relation to its obligations as a technical service provider and the online operation of the node for the purpose of Mining;
应尽商业上合理的努力和应有的谨慎和技能来履行其作为技术服务提供者的义务，并为挖矿的目的在线运营节点。
- (b) it shall use commercially reasonable efforts to verify that the relevant software and systems utilised are reasonably free of known software bugs that may affect cybersecurity of the Servers. Party A also acknowledges that it must use commercially reasonable endeavors and due care and skill in relation to the cybersecurity measures taken to maintain the cybersecurity of the Services.
应尽商业上合理的努力，来验证所使用的相关软件和系统合理地不存在可能影响服务器网络安全的已知软件漏洞。甲方承认，也需要尽商业意义上合理的努力、谨慎工作且使用合理的技能，以维护服务的网络安全；

7. INDEMNIFICATION 赔偿

7.1 Nothing in this Agreement will operate to exclude or limit a Party's liability:

本协议中的任何内容均不得排除或限制一方在以下情况下的责任：

- (a) for such Party's fraud, gross negligence, willful misconduct, or fraudulent misrepresentation;
因该方的欺诈、重大过失、故意不当行为或欺诈性不实陈述；
- (b) for death or personal injury resulting from that Party's negligence;
因该方的过失而造成的死亡或人身伤害；
- (c) to pay any monetary amounts due under this Agreement; or
支付根据本协议应付的任何货币金额；或
- (d) to the extent that it cannot be lawfully excluded or limited, and each of the following provisions of Clause 7 is subject to this Clause 7.1.
在无法合法排除或限制的范围内，第 7 条的以下各条款均受本第 7.1 条的约束。

7.2 Party A shall indemnify, defend and hold harmless the Party B (including its shareholders, directors, employees, agents, and representatives) absolutely and forever, from and against all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, legal fees and any other expenses whatsoever, whether criminal, civil, or commercial in nature, arising from its aforementioned responsibility to comply with all applicable laws.

因上述遵守所有适用法律的责任而产生的所有索赔、行动、损害、诉讼、责任、义务、成本、费用、收费、法律费用和任何其他费用，无论是刑事、民事还是商业性质的，甲方应绝对和永远地赔偿、保护乙方（包括其股东、董事、雇员、代理人 and 代表）。

- 7.3 Party B shall be exclusively responsible for any direct losses, including but not limited to, equipment failure, operation error, as well as any loss caused by not using the software according to the normal operation specification or by loss, damage or misuse of the software attributable to Party B's gross negligence, fraud and/or willful misconduct.

乙方对任何直接损失承担全部责任，包括但不限于设备故障、操作错误，以及因未按正常操作规范使用本软件或因乙方重大过失、欺诈和/或故意不当行为而导致的软件丢失、损坏或误用而造成的任何损失。

- 7.4 Both Parties shall strictly perform this Agreement, if either Party who violates this Agreement shall compensate the other Party for the loss caused. If either party fails to fulfill its obligations sufficiently and promptly under this Agreement, it shall be deemed as breach of contract. If one Party breaches this Agreement, the other Party has the right to request the delinquent party to stop the breaches and take remedial measures, if the delinquent Party does not stop delinquent behavior or complete remedy, within 7 Business days after being requested, observant Party has the right to unilaterally terminate this Agreement. When the notice reaches the delinquent Party to terminate the Agreement, the Agreement termination will not affect the observant party in requesting the delinquent Party to bear the liability for breaching this Agreement.

双方应严格履行本协议，违反本协议的一方应赔偿另一方因此遭受的损失。任何一方未能充分、及时地履行义务，均视为违约。如果一方违反本协议，另一方有权要求违约方停止违约并采取补救措施，如果违约方未停止违约行为或完成补救，则在被要求后 7 营业日内，遵守方有权单方面终止本协议。当通知到达违约方终止本协议时，协议终止不会影响遵守方要求违约方承担违反本协议的责任。

- 7.5 With the exception of mandatory laws to the contrary, Party B's total and accumulated liability, regardless of the cause and the number of claims, shall be limited to the amount paid by Party A to Party B for the relevant services in the twelve (12) months preceding the event giving rise to such liability in this Agreement.

除强制性法律规定与此相反外，乙方的全部和累计责任，不论原因和索赔次数，都应限于甲方在本协议中引起该责任的事件之前的十二个月内为相关服务向乙方支付的金额。

- 7.6 Under no circumstances can Party B be liable for:

在任何情况下，乙方均不承担以下责任：

- (a) any special, incidental, punitive, consequential or indirect loss, damage, cost and expense whatsoever; and 任何特殊的、偶然的、惩罚性的、后果性的或间接的损失、损坏、成本和任何费用；以及
- (b) any lost profits, lost goodwill (or any other damage to reputation), loss of revenue, loss of business, loss of contracts, loss of anticipated savings, business interruption, loss of opportunity, loss of bargain or lost or corrupted data, in each case regardless of whether any of these types of losses are direct, indirect or consequential, even if that Party was aware of the possibility that such Losses might be incurred by the other Party.

在任何情况下，任何利润损失、商誉损失（或任何其他声誉损害）、收入损失、业务损失、合同损失、预期储蓄损失、业务中断、机会损失、讨价还价损失或数据丢失或损坏，无论这些类型的损失是直接的、间接的还是后果性的，即使该方知道另一方可能遭受此类损失的可能性。

- 7.7 If Party A delays in making any payment, it shall pay a penalty equal to 0.3% of the overdue payment per day, aggregated daily and calculated from the relevant payment due date. If the delay exceeds fourteen (14) days, Party B shall have the right to terminate the Agreement. The fees paid by Party A including the advance payment (if any), shall be deemed as termination compensation and shall not be returned by Party B. If Sealing is interrupted due to Party A's failure to perform any payment obligation on time (including but not limited to any

failure or delay in paying reserve top-up on time) and the period exceeds seven (7) days, Party B has the right to terminate the Sealing services after informing Party A.

若甲方逾期付款，每日应支付逾期付款 0.3% 的违约金。违约金每日累计，并从相关付款项到期日开始计算。如果延迟超过十四天，乙方有权终止协议。甲方支付的费用，包括预付款（如有），应视为赔偿款，乙方不得退还。因甲方未按时履行任何支付义务（包括但不限于无法或延迟支付储备金充值）导致计算封装服务中断，且期限超过七天的，乙方有权在通知甲方后终止计算封装服务。

- 7.8 Any breach by either Party of the relevant terms and conditions under this Agreement shall constitute a breach of contract. Unless otherwise agreed herein, the non-breaching Party shall have the right to require the breaching Party to take remedial measures, continue to perform the Agreement and compensate the non-breaching Party for losses caused thereby.

任何一方违反本协议项下的条款或条件，均构成违约。除本协议另有约定外，守约方有权要求违约方采取补救措施，继续履行协议和赔偿给守约方由此造成的损失。

- 7.9 If Party A rescinds the Agreement without the agreement of both parties, Party A shall compensate Party B for the loss of cost and prospective or anticipated profit.

如甲方未经双方同意解除本协议，甲方应赔偿乙方成本损失和预期利润的损失。

8. INTELLECTUAL PROPERTY RIGHTS 知识产权

- 8.1 Any intellectual property rights relating to the Services hereunder (including but not limited to any and all software, documents, or data accompanying or constituting the Servers or included in the Servers) shall be owned by Party B or its third-party suppliers. Party A shall not illegally use or infringe the intellectual property rights of Party B or its third-party suppliers in any way, otherwise, Party B has the right to request Party A to take immediate remedial measures and assume full responsibility, including but not limited to immediately stopping the infringement, eliminating the impact and compensating Party B or its third-party suppliers for all losses suffered, etc.

与此处所述的服务相关的任何知识产权（包括但不限于伴随、构成产品或包含在产品中的任何及所有软件、文档或数据），均由乙方或其第三方供应商享有。甲方不得以任何方式非法使用或侵犯乙方或其第三方供应商的知识产权，否则乙方有权要求甲方立即采取补救措施并承担全部责任，包括但不限于立即停止侵权行为、消除影响、赔偿乙方或第三方供应商遭受的全部损失等。

- 8.2 Party A shall not engage in any commercial activities in the name of Party B other than Services under this Agreement, nor shall it commit additional technical commitments to end customers beyond the technical scope of Servers or Services provided by Party B. Otherwise, the caused adverse impact and losses of Party B and third parties shall be borne exclusively by Party A.

甲方不得以乙方的名义从事本协议规定的服务之外的任何商业活动，也不得在乙方提供的服务器或服务的技术范围之外向终端客户作出额外的技术承诺。否则，由此造成的对乙方及第三方的不利影响和损失，由甲方自行承担。

- 8.3 Party A shall not use or copy Party B's trademark, logo, copyright works, business information, technology and other materials without Party B's written permission. Party A shall obtain Party B's written permission before using the company name, trademark, trade name, brand, domain name and website of Party B.

未经乙方书面许可，甲方不得使用或复制乙方的商标、标识、版权作品、商业信息、技术等资料。甲方使用乙方的公司名称、商标、商号、品牌、域名和网站前，应取得乙方的书面许可。

- 8.4 Party A warrants not to crack, reverse engineer, decompile or disassemble the hardware, service and the software, platform interface and website links provided by Party B; Party A warrants not to modify the contents, functions, logic and other aspects of the services contained herein this Agreement.

甲方保证不对乙方提供的硬件、服务以及软件、平台界面和网站链接进行破解、反向工程、反编译或反

汇编；甲方保证不对本协议所包含的服务内容、功能、逻辑及其他方面进行修改。

9. CONFIDENTIALITY CLAUSE 保密条款

9.1 Unless otherwise agreed by both parties, neither party shall disclose the existence of this Agreement and any of its contents to a third party without the consent of the other party.

除非双方另有约定，未经对方同意，任何一方不得向第三方披露本协议的存在及其任何内容。

9.2 Both Party A and Party B shall ensure the confidentiality of the documents, material, any intellectual property including but not limited to the source code and/or object code licensed hereunder, and Confidential Information obtained from the other party during the negotiation, signing and execution of this Agreement, which cannot be obtained from any public channel. The party receiving Confidential Information ("receiving party") shall undertake the following obligations to the party disclosing Confidential Information ("disclosing party"):

甲乙双方均应对文件、资料、任何知识产权进行保密，包括但不限于本协议项下许可的源代码和/或目标代码，以及双方在本协议协商、签署和执行过程中从对方处获取的、无法从任何公告渠道获取的信息（“保密信息”）。保密信息接收方（“接收方”）应当对保密信息披露方（“披露方”）承担以下义务：

(a) The receiving party shall:

接收方应当：

- i. apply the same security measures and degree of care, but no less than reasonable care, to the Confidential Information as the receiving party applies with respect to such information of its own that it does not desire to disclose, publish or disseminate, which the receiving party warrants as providing adequate protection from unauthorized disclosure, copying or use;
对机密信息采取与接收方对其不想披露、发布或传播的其自身信息所适用的相同的安全措施和谨慎程度，但不低于合理的谨慎程度，接收方保证提供足够的保护，防止未经授权的信息复制或披露；
- ii. promptly notify the disclosing Party of any unauthorized release, disclosure or access to the Confidential Information or any part thereof;
及时通知披露方未经授权的信息发布、披露或访问保密信息或其任何部分；
- iii. not disclose Confidential Information to any third party;
不得向任何第三方披露保密信息；
- iv. prevent Confidential Information from being leaked or stolen;
防止保密信息泄露或被盗；
- v. take adequate remedial measures and notify the disclosing party without delay when a leak or steal occurred or is likely to occur;
在发生或可能发生泄密或盗窃时，采取充分的补救措施，并立即通知披露方；
- vi. take measures to prevent Confidential Information from becoming publicly accessible and notify the disclosing party without delay when the authority requests disclosure;
采取措施防止保密信息被公开获取，并在主管部门要求披露时立即通知披露方；
- vii. only disclose, for the purpose of this Agreement, confidential information to the personnel of the receiving party who have a need to know such Confidential Information to perform activities contemplated under this Agreement, who has entered into a confidentiality agreement with the receiving party, under which confidentiality obligations equivalent to the provisions hereunder, to the extent necessary and in the form necessary, and guarantee that such personnel comply with confidentiality obligations under this Clause 9; and
仅出于本协议的目的，将保密信息披露给需要知道此类保密信息以执行本协议设想的活动的接收方人员，该人员已与接收方签订了保密协议，在必要的范围内以必要的形式承担相当于本条款规定的保密义务，并保证此类人员遵守本第 9 条规定的保密义务；并且
- viii. at request of disclosing party, return or destroy the Confidential Information as required by disclosing party and issue a written statement to the disclosing party recording the fact of return or destruction.

应披露方的要求，按照要求返还或销毁保密信息，并向披露方出具书面声明，记录返还或销毁的事实。

9.3 Confidential Information means:

保密信息指：

- (a) Information about the existence and content, performance of this Agreement, and the expected transactions under this Agreement; and
关于本协议的存在和内容、履行情况以及本协议项下预期交易的信息；
- (b) All exclusive, confidential, non-public technical information and/or commercial information disclosed by the disclosing party to the receiving party, including but not limited to:
披露方向接收方披露的所有独有的、保密的、非公开的技术信息和/或商业信息，包括但不限于：
 - i. any technical information such as R&D design, service or product design concepts/ideas, source code, object code, software documentation, products and specifications, data, models, samples, drafts and product test results disclosed by the disclosing party to the receiving party or its employees before or after signing of this Agreement;
披露方在签署本协议之前或之后向接收方或其员工披露的任何技术信息，如研发设计、服务或产品设计概念/想法、源代码、目标代码、软件文档、产品和规范、数据、模型、样品、草案和产品测试结果；
 - ii. business information, such as marketing requirements and strategies, product plans and prices, clients lists, direction of business development, others involving in the management and operation systems and processes;
业务信息，如营销需求和策略、产品计划和价格、客户名单、业务发展方向、其他涉及管理和运营系统和流程的信息；
 - iii. any information of the other party and/or its related party, obtained by signing and performing this Agreement, and any information, software, data and other information data obtained by performing this Agreement; and
通过签署和履行本协议而获得的另一方和/或其关联方的任何信息，以及通过履行本协议而获得的任何信息、软件、数据和其他信息数据；以及
 - iv. other information disclosed by the disclosing party to the receiving party and subject to confidentiality obligations to third parties (whether such information is written, oral, graphic, Internet or any other form of disclosure).
披露方向接收方披露且对第三方负有保密义务的其他信息（无论该信息是书面、口头、图形、互联网或任何其他形式的披露）。

9.4 Confidential Information does not include the following:

保密信息不包括以下内容：

- (a) information that was already in the receiving party's possession, without confidentiality obligation;
接收方已经掌握的、无保密义务的信息；
- (b) information known to the public at or before the disclosure by the disclosing party;
披露方披露时或披露前为公众所知的信息；
- (c) information known to the public after disclosure, but not for the faults of the receiving party;
披露后为公众所知悉的信息，但非接收方的过错；
- (d) information that the receiving party gains from a third party, without confidentiality obligation;
接收方从第三方获得的信息，不承担保密义务；
- (e) information that must be disclosed according to court orders or requirements of governments or local authorities with jurisdiction; or
根据法院命令或具有管辖权的政府或地方当局的要求必须披露的信息；或者

(f) information disclosed to relevant government departments, intermediary agencies, and the public in accordance with relevant national laws and regulations.

根据国家有关法律法规向政府有关部门、中介机构和公众披露的信息。

9.5 The receiving party shall obtain the written consent of the disclosing party before any Confidential Information can be disclosed.

接收方在披露任何保密信息前，应取得披露方的书面同意。

9.6 The receiving party shall keep the relevant confidential information confidential unless and until the Confidential Information is legally disclosed pursuant to this Agreement.

除非保密信息根据本协议合法披露，否则接收方应对相关保密信息保密。

9.7 Responsibility for unauthorized disclosure. If either Party breaches its confidentiality obligation under this Agreement, it shall be liable for breach of this Agreement (including but not limited to the attorney's fee, arbitration fee, travel fee, evaluation fee, printing fee, and audit fee for investigating liabilities for breach of this Agreement). The receiving party acknowledges that damages may not be an adequate remedy for the breach of any of the confidentiality provisions hereunder. Accordingly, without prejudice to any other rights and remedies it may have, the disclosing party shall be entitled to seek the granting of equitable relief (including without limitation injunctive relief) concerning any threatened or actual breach of any of the confidentiality provisions of this Agreement.

未经授权披露的责任。如果任何一方违反其在本协议项下的保密义务，其应承担违反本协议的责任（包括但不限于律师费、仲裁费、差旅费、评估费、印刷费和调查违反本协议责任的审计费）。接收方承认，损失赔偿可能不是违反本协议任何保密条款的适当补救措施。因此，在不损害其可能拥有的任何其他权利和补救措施的情况下，披露方应有权就任何威胁或实际违反本协议任何保密条款的行为寻求衡平救济（包括但不限于禁令救济）。

9.8 Party B may outsource its obligations under this Agreement to a third party, and Party B may disclose to that third party the Confidential information necessary to perform the outsourcing. Party B guarantees that the third party shall bear the same confidentiality responsibility as Party B.

乙方可将其在本协议项下的义务外包给第三方，乙方可向该第三方披露履行外包所需的保密信息。乙方保证第三方承担与乙方同等的保密责任。

10. FORCE MAJEURE 不可抗力

10.1 "Force Majeure" means the circumstances and conditions which neither party can foresee nor control nor avoid, and would render it impossible for either Party to fulfill their obligations under this Agreement, or delay such fulfillment. Force Majeure referred to in this Agreement includes, but is not limited to, natural disasters such as floods, fires, droughts, typhoons, earthquakes, and social events such as war (whether declared or not), turmoil, strikes, government actions, policies or laws, and other circumstances beyond the control of the parties to the Agreement, unforeseeable and unavoidable, affecting the performance of their obligations, such as hacking (eg. DDoS attacks), equipment failures, network failures, service failures caused by power outages of cloud service providers, or digital currency damage/loss caused by but not limited to viruses and bugs.

“不可抗力”是指任何一方均无法预见、无法控制或避免并导致甲乙双方无法履行或延迟履行本协议项下义务的情况和条件。本协议中提及的不可抗力包括但不限于洪水、火灾、干旱、台风、地震等自然灾害，以及战争（无论是否宣战）、动乱、罢工、政府行为、政策或法律等社会事件，以及协议双方无法控制、无法预见和不可避免的影响其履行义务的其他情况，如黑客攻击（如 DDoS 攻击）、设备故障、网络故障、云服务提供商断电导致的服务故障、管理故障或包括但不限于病毒和漏洞导致的数字货币损坏/损失。

10.2 The affected party shall immediately notify the other Party three (3) Business Days after the occurrence of the Force Majeure event and shall, within seven (7) Business Days thereafter, provide the other Party with proof in writing causing the failure or delay of performance in whole or in part.

受影响方应在不可抗力事件发生后三个营业日内立即书面通知另一方，并应在此后七个营业日内向另一方提供导致产品全部或部分故障或延迟的书面证据。

10.3 If the performance of either party's obligations under this Agreement is delayed or prevented by force majeure and the parties agree that neither party shall be liable to the other for the delay or inability to perform, nor shall they claim damages therefor. However, both parties shall immediately take effective measures to deal with the impact of the above-mentioned Force Majeure event and minimize possible losses to the other party. After the effect of the Force Majeure situation or event has disappeared, both parties may negotiate to continue to perform relevant obligations under this Agreement within a reasonable time.

如果任何一方履行本协议项下的义务因不可抗力而延迟或受阻，且双方同意，任何一方均不对另一方的延迟或无法履行承担责任，也不得因此要求赔偿损失。但是，双方应立即采取有效措施应对上述不可抗力事件的影响，尽量减少对另一方可能造成的损失。不可抗力情况或事件的影响消失后，双方应协商在合理时间内继续履行本协议项下的相关义务。

10.4 If the Agreement cannot be performed within 30 days from the date of the force majeure event and both Parties fail to reach an agreement, either Party shall have the right to terminate the Agreement. If this Agreement is terminated for the above reason, the Parties shall not be liable to each other for breach of contract.

若在不可抗力事件发生之日起 30 日内协议仍无法履行的，双方亦无法达成一致意见的，则任何一方均有权终止本协议。本协议因此而终止的，双方互不承担违约责任。

11. MODIFICATION AND TERMINATION OF THE AGREEMENT 协议的变更与解除

11.1 Any modification or termination of this Agreement shall not affect the confidentiality obligations of both parties or the validity of the provisions of this Agreement regarding dispute resolution.

对于本协议的变更和解除，均不影响双方的保密义务的承担以及本协议中关于解决争议的条款的效力。

11.2 If the provisions or other contents of this Agreement are changed for reasons attributable to Party A, and Party B needs to change the relevant contents of this Agreement and increase party B's workload, Party A shall be in breach of contract.

由于甲方的原因而变更本协议约定或其它内容的，如果导致乙方需要对本协议的相关内容进行变更并增加乙方的工作量的，则按甲方违约处理。

11.3 The authenticity and accuracy of the data recorded in Party B's Server shall prevail for all types of data values between Party A and Party B.

对于甲乙双方之间的各类数据值，以乙方服务器中记录的数据的真实性及准确性为准。

12. NOTICES 通知

12.1 Notices or other communications by the Parties hereto in connection with this Agreement shall be made in writing and sent to the communication information of the other Party shown at the top of the text. The Parties hereto shall promptly notify the other Party of any change in their communication information. The original communication information of the other Party shall remain the valid communication information of the other Party until the other Party receives the notification of the change of communication information in accordance with the provisions of this article.

本协议各方互相发出与本协议有关的通知或其他通讯，应以书面方式作出，发送至文首所示对方的通讯信息。本协议各方的通讯信息发生变化时，应及时通知对方。在本协议的一方依照本条规定收到另一方通讯信息变更的通知之前，另一方的原通讯信息仍应被视为该方的有效通讯信息。

12.2A notice shall be sufficiently given or served if delivered or sent:

在以下情况下，应向有关方面发出或送达明确且完备的通知：

if to Party A, to 对甲方： [***]

Email Address 邮件地址： [REDACTED]

Attention 关涉人： [REDACTED]

if to Party B, to 对乙方： [***]

Email Address 邮件地址： [REDACTED]

Attention 关涉人： [REDACTED]

12.3 Notice shall be deemed to have been delivered to the notified Party on:

通知在下列日期视为送达被通知方。

(a) the date of receipt of service is obtained if it is delivered by specially-assigned person;

以专人发送的，取得送达回执之日；

(b) the date of proper delivery if it is sent by courier;

以快递发送的，妥投之日为送达日；

(c) the date of confirmation of successful delivery in the system of the notifying Party if it is sent by e-mail or instant messenger.

以电子邮件、即时通讯工具发送的，通知方系统中确认发送成功之日。

12.4 If either Party changes its mailing address or contact information, it shall notify the other Party in writing on the day of the change. If either Party violates the foregoing provisions, unless otherwise provided by law, the changing Party shall be liable for the resulting effects and losses.

如一方通讯地址或联络方式发生变化，应自发生变化之日当天，以书面形式通知其他方。任何一方违反前述规定，除非法律另有规定，变动一方应对由此而造成的影响和损失承担责任。

12.5 This Clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution. For the purposes of this clause, "writing" shall not include e-mail.

本条款不适用于任何法律诉讼中的任何程序或其他文件的送达，或在适用的情况下，任何仲裁或其他争议解决方法的送达。就本条款而言，“书面”不包括电子邮件。

12.6 Any notice or other communication received on a non-working day or non-business hours of the receiving place shall be deemed to be received on the following working day. In the event the receiver intentionally refuses or delays the receipt or fails to receive due to the reasons of the receiver, the receipt time shall be the date on which notice is rejected or delayed for the first time, or can normally be served.

在非工作日或接收地的非工作时间收到的任何通知或其他消息，应被视为是在下一个工作日收到的。如果接收方故意拒绝或延迟接收，或由于接收方的原因而未能接收，则接收时间应为通知首次被拒绝或延迟接收，或可以正常送达的日期。

13. ANTI-COMMERCIAL BRIBERY 反商业贿赂

13.1 Both Parties clearly understand that commercial bribery violates the law and will be severely punished by the law and warrant to strictly observe the laws and regulations related to anti-commercial bribery.

双方明确理解商业贿赂违反法律并将受到法律的严惩，双方保证严格遵守与反商业贿赂有关的法律法规。

13.2 Both Parties undertake not to provide or give any benefits to the other party's agent or other relevant personnel in order to gain trading opportunities or competitive advantages. These benefits include, but are not limited to, rebates, cash, shopping cards, articles, gifts, negotiable securities, tourism, catering, and other improper opportunities.

双方承诺不向对方的代理人或其他相关人员提供或给予任何利益，以获取交易机会或竞争优势。这些利益包括但不限于返利、现金、购物卡、物品、礼品、有价证券、旅游、餐饮和其他不当机会。

13.3 If any interest listed above is the usage of the particular trade or common practice, both Parties shall make it explicit in the Agreement and truthful keep it in the account.

如上述利益属于特定行业的惯例或常见做法，双方应在本协议中明确并如实记账。

13.4 The term "other relevant personnel" referred to in this Clause 13 refers to the interested person of the agents of each Party or the person who has a direct or indirect influence on the agents of each Party.

本条第13款所称“其他相关人员”是指各方代理人的利害关系人或对各方代理人有直接或间接影响的人。

13.5 Aforementioned commercial bribery conducted by any personnel of one party to this Agreement shall be deemed as the Party's act. If a Party violates this regulation, the observant Party may stop all cooperation with the delinquent Party and have the right to terminate the Agreement, take measures such as pausing delivery and service, freezing all accounts payable against the delinquent Party according to law. If the observant Party suffers from the commercial bribery of the delinquent Party, the delinquent Party shall bear the relevant losses.

本协议一方的任何人员进行上述商业贿赂应视为该方的行为。如果一方违反本规定，守约方可以停止与违约方的一切合作，并有权终止本协议，采取诸如暂停交付和服务、依法冻结所有应付账款等措施。守约方遭受违约方商业贿赂的，违约方应当承担相关损失。

14. LAW APPLICATION AND DISPUTE RESOLUTION 法律适用及争议解决

14.1 Both Parties agree that the signing, validity, interpretation and execution hereof and the settlement of disputes hereunder shall apply to the laws of Singapore, excluding conflict of laws.

双方同意，本协议的签署、有效性、解释、执行以及争议的解决适用于新加坡法律，法律冲突除外。

14.2 Any dispute arising from this Agreement between the Parties and any dispute relating to this Agreement shall be settled by both Parties with negotiation. If negotiations fail to resolve any dispute within thirty (30) days, then Clause 14.3 below shall apply.

双方因本协议产生的任何争议以及与本协议有关的任何争议应由双方协商解决。如果协商未能在三十天内解决任何争议，则应适用以下第14.3条的规定。

14.3 Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this clause. The seat of the arbitration shall be Singapore. The Tribunal shall consist of one (1) arbitrator. The language of the arbitration shall be English. The arbitration award shall be a final ruling and is legally binding on all parties. The losing party shall pay the winning party's attorney fees, arbitration fees, travel expenses and other rights-protection expenses arising from the arbitration.

因本协议产生的或与本协议有关的任何争议，包括与本协议的存在、有效性或终止有关的任何问题，应提交新加坡国际仲裁中心根据当时有效的新加坡国际仲裁中心仲裁规则进行仲裁，并最终通过仲裁解决，该规则被视为通过引用纳入本条款。仲裁地点应为新加坡。仲裁庭应由一名仲裁员组成。仲裁语言应为英语。仲裁裁决为终局裁决，对各方均具有法律约束力。败诉方应支付胜诉方因仲裁产生的律师费、仲裁费、差旅费和其他维权费用。

15. MISCELLANEOUS 其他事项

15.1 ENTIRE AGREEMENT. This Agreement, schedules and the documents annexed as appendices to this Agreement contain the whole agreement between the parties relating to the subject matter hereof and supersede all prior agreements, arrangements and understandings between the parties relating to that subject matter.

完整协议。本协议、附表和本协议附件文件包含了双方之间关于本协议主题的全部协议，并取代了双方之前关于该主题的所有契约、协议和约定。

15.2 VARIATION. No variation of this Agreement shall be effective unless it is in writing and signed by the Parties (or their authorised representatives).

变更。除非以书面形式作出并经双方（或其授权代表）签字，否则对本协议的任何变更均属无效。

15.3 SEVERANCE. The illegality, invalidity or unenforceability of any provision of this Agreement under the laws of any jurisdiction shall not affect its legality, validity or enforceability under the laws of any other jurisdiction nor the legality, validity or enforceability of any other provision of this Agreement.

可分性。本协议任何条款在任何司法管辖区的法律下的非法性、无效性或不可执行性，不影响其在任何其他司法管辖区的法律下的合法性、有效性或可执行性，也不影响本协议任何其他条款的合法性、有效性或可执行性。

15.4 ASSIGNMENT. Party A shall not assign any of its rights under this Agreement without the prior consent of Party B. This Agreement shall apply to, and be binding in all respects upon, and inure to the benefit of the permitted legal assigns and successors in title by operation of law or otherwise.

转让。未经乙方事先同意，甲方不得转让其在本协议项下的任何权利。本协议适用于并在各方面具有约束力，并符合允许的合法受让人和权利继承人的利益。法律或其他方面的。

15.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts by the Parties and when the same have been executed by all such parties, this Agreement shall be binding on the Parties as if they had executed this Agreement in a single document. Such counterpart executed by one Party may be executed by electronic means (for example through DocuSign, Adobe Sign, or similar electronic signing software), received by way of electronic mail (and shall be as valid and effectual as if executed as an original).

副本。本协议可以签署任意数量的副本，所有副本合在一起构成同一份文件。各方可通过签署任何此类副本来订立本协议，且个副本可由双方签署和执行，并通过传真传输，其有效性和效力应与签署的正本相同。由一方执行的此类对应文件可以通过电子方式（例如通过 DocuSign, Adobe Sign 或类似的电子签名软件）执行，通过电子邮件接收（并且应与执行原件一样有效和有效）。

15.6 THIRD-PARTY RIGHTS. A person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 2001 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

第三方权利。根据《合同（第三方权利）法》（2001年），非本协议一方的人无权执行本协议的任何条款，但并不影响第三方在该法之外的存在的，或可用的任何权利或补救措施。

15.7 REMEDIES. No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by any of the Parties shall not constitute a waiver by such party of the right to pursue any other available remedies.

补救措施。本协议任何条款所赋予的任何补救措施均不得有意排除法律、衡平法、成文法或其他法律规定的任何补救措施，且每项其他补救措施均应是累积的，并应是本协议项下或现有或将有的法律、衡平法、成文法或其他法律规定的任何其他补救措施的补充。任何一方选择任何一种或多种此类补救措施不构成该方放弃寻求任何其他可用补救措施的权利。

15.8 WAIVER. Any party fails to exercise or delay the exercise of any right or remedy hereunder shall not be deemed a waiver of rights or remedies by any party. No separate or partial exercise of rights or remedies can prevent exercise of further or other rights or remedies, or to prevent other exercise of the rights or remedies.

弃权。任何一方未行使或延迟行使本协议项下的任何权利或补救措施，不应被视为任何一方放弃权利或补救措施。任何单独或部分行使权利或补救措施均不能阻止进一步或其他权利或补救措施的行使，或阻止其他权利或补救措施的行使。

15.9 FURTHER ASSURANCE. Each Party agrees, at its own expense, to do everything reasonably necessary to give effect to this Agreement and the transactions contemplated by it, including but not limited to the execution of documents, and to use all reasonable endeavours to cause relevant third parties to do likewise.

进一步保证。各方同意自费采取一切合理必要的措施，使本协议及其预期的交易生效，包括但不限于签署文件，并尽一切合理努力促使相关第三方也这样做。

15.10 NO PARTNERSHIP OR AGENCY. Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, or authorise any party to make or enter into any commitments for or on behalf of any other party.

无合伙或代理关系。本协议任何内容均无意或不应视为在各方之间建立了任何合伙关系或合资关系，或使任何一方成为另一方的代理，或授权任何一方为另一方或代表另一方作出或达成任何承诺。

15.11 In case of inconsistency between Chinese (if any) and English versions of this Agreement, the English version shall prevail.

本协议中英文版本（如有）如有不一致之处，以英文版本为准。

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Schedule 1
附表 1

Services 服务	Specifications 规格	Price (USD) 价格(美元)	Quantity 数量	Total Price (USD) 总价(美元)
Storage software service 存储软件服务费	For 720 days commencing from Effective Date	4.5 U/T	[6144] T	USD 27,648
DC Data service DC 数据服务		3500 U/P	[6] P	USD 21,000
Technical service fee 技术服务费		4% of reward 奖励的 [4]%	Last Full Month 上一个整月	4% of reward 奖励的 [4]%
Grand Total 总合计				USD 48,648

This Agreement, including the attached Schedules, is executed for and on behalf of the Parties in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement, as follows:

本协议，包括所附附表，由双方代表签署，一式多份，每份副本在签署时均应构成一份副本原件，但所有副本共同构成一份协议，如下：

Party A 甲方

Signed for and on behalf of
Mercurity Fintech Technology Holding Inc
代表甲方签字



/s/ Shi Qiu
Name 名字: Shi Qiu
Designation 职位: Chief Executive Officer

Date 日期: 5/12/2023

Party B 乙方

Signed for and on behalf of
Origin Storage Pte Ltd
代表乙方签字



/s/ Guo Yong
Name 名字: Guo Yong
Designation 职位: Authorised Signatory
授权签字人

Date 日期: 5/12/2023

	Date of acquisition/ registration	Place of establishment/ incorporation	Percentage of legal ownership
Subsidiaries:			
Mercurity Fintech Technology Holding Inc.	July 15, 2022	US	100%
Chaince Securities Inc.	April 12, 2023	US	100%
Mercurity Limited	May 21, 2019	British Virgin Islands	100%
Ucon Capital (HK) Limited	May 21, 2019	Hong Kong	100%
Beijing Lianji Future Technology Co., Ltd.	May 21, 2019	PRC	100%

Mercurity Fintech Holding Inc.

Policy on Insider Trading

This Insider Trading Policy describes the standards of Mercurity Fintech Holding Inc. and its subsidiaries (the “**Company**”) on trading, and causing the trading of, the Company’s securities or securities of certain other publicly traded companies while in possession of confidential information. This Policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers and employees and their respective immediate family members of the Company, and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company (together with the directors, “**Company Insiders**”), (iii) the employees listed on Appendix A (collectively, “**Covered Persons**”) and (iv) certain other employees that the Company may designate from time to time as “Covered Persons” because of their position, responsibilities or their actual or potential access to material information.

One of the principal purposes of the federal securities laws is to prohibit so-called “insider trading.” Simply stated, insider trading occurs when a person uses material nonpublic information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company’s securities or the securities of certain other companies or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is “material” and “nonpublic.” These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer or employee who buys or sells securities on the basis of material nonpublic information that he or she obtained about the Company, its customers, suppliers, partners, competitors or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART I

1. Applicability

This Policy applies to all trading or other transactions in (i) the Company’s securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company’s securities, whether or not issued by the Company and (ii) the securities of certain other companies, including common stock, options and other securities issued by those companies as well as derivative securities relating to any of those companies’ securities, where the person trading used information obtained while working for the Company.

This Policy applies to all employees and officers of the Company and to all members of the Company’s board of directors and their respective family members.

2. General Policy: No Trading or Causing Trading While in Possession of Material Nonpublic Information

(a) No director, officer or employee or any of their immediate family members may purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material nonpublic information about the Company. (The terms “material” and “nonpublic” are defined in Part I, Section 3(a) and (b) below.)

(b) No director, officer or employee or any of their immediate family members who knows of any material nonpublic information about the Company may communicate that information to (“**tip**”) any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.

(c) No director, officer or employee or any of their immediate family members may purchase or sell any security of any other publicly traded company while in possession of material nonpublic information that was obtained in the course of his or her involvement with the Company. No director, officer or employee or any of their immediate family members who knows of any such material nonpublic information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without the Company’s authorization.

(d) For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and nonpublic unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e) Covered Persons must “pre-clear” all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Definitions

(a) **Material.** Insider trading restrictions come into play only if the information you possess is “material.” Materiality, however, involves a relatively low threshold. Information is generally regarded as “material” if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

- (i) significant changes in the Company’s prospects;
- (ii) significant write-downs in assets or increases in reserves;
- (iii) developments regarding significant litigation or government agency investigations;
- (iv) liquidity problems;
- (v) changes in earnings estimates or unusual gains or losses in major operations;
- (vi) major changes in the Company’s management or the board of directors;
- (vii) changes in dividends;
- (viii) extraordinary borrowings;
- (ix) major changes in accounting methods or policies;
- (x) award or loss of a significant contract;
- (xi) cybersecurity risks and incidents, including vulnerabilities and breaches;

(xii) changes in debt ratings;

(xiii) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets; and

(xiv) offerings of Company securities.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular nonpublic information is material, you should presume it is material. **If you are unsure whether information is material, you should either consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material.**

(b) Nonpublic. Insider trading prohibitions come into play only when you possess information that is material and "nonpublic." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Nonpublic information may include:

(i) information available to a select group of analysts or brokers or institutional investors;

(ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two trading days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is nonpublic and treat it as confidential.

(c) Compliance Officer. The Company has appointed the Chief Financial Officer as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

(i) assisting with implementation and enforcement of this Policy;

(ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;

(iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below; and

(iv) providing approval of any Rule 10b5-1 plans under Part II, Section 1(c) below and any prohibited transactions under Part II, Section 4 below.

(v) providing a reporting system with an effective whistleblower protection mechanism.

4. Exceptions

The trading restrictions of this Policy do not apply to the following:

(a) 401(k) Plan. Investing 401(k) plan contributions in a Company stock fund in accordance with the terms of the Company's 401(k) plan. However, any changes in your investment election regarding the Company's stock are subject to trading restrictions under this Policy.

(b) ESPP. Purchasing Company stock through periodic, automatic payroll contributions to the Company's Employee Stock Purchase Plan ("ESPP"). However, electing to enroll in the ESPP, making any changes in your elections under the ESPP and selling any Company stock acquired under the ESPP are subject to trading restrictions under this Policy.

(c) Options. Exercising stock options granted under the Company's equity incentive plan for cash or the delivery of previously owned Company stock. However, the sale of any shares issued on the exercise of Company-granted stock options and any cashless exercise of Company-granted stock options are subject to trading restrictions under this Policy.

5. Violations of Insider Trading Laws

Penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material nonpublic information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material nonpublic information. Tipsters can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipster did not profit from the transaction.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of \$2,301,065 or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

(b) Company-Imposed Penalties. Employees who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

6. Inquiries

If you have any questions regarding any of the provisions of this Policy, please contact the Compliance Officer.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods as defined below.

(a) Blackout Periods. Trading in the Company's securities is prohibited during the period beginning at the close of the market on two weeks before the end of each fiscal interim period and fiscal year and ending at the close of business on the second trading day following the date the Company's financial results are publicly disclosed and Form 10-Q or Form 10-K is filed/and Form 6-K or Form 20-F is filed. During these periods, Covered Persons generally possess or are presumed to possess material nonpublic information about the Company's financial results.

(b) Other Blackout Periods. From time to time, other types of material nonpublic information regarding the Company (such as negotiation of mergers, acquisitions or dispositions, investigation and assessment of cybersecurity incidents or new product developments) may be pending and not be publicly disclosed. While such material nonpublic information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

(c) Exception. These trading restrictions do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 (an "Approved 10b5-1 Plan") that meet the following requirements:

(i) it has been reviewed and approved by the Compliance Officer at least five days in advance of being entered into (or, if revised or amended, such proposed revisions or amendments have been reviewed and approved by the Compliance Officer at least five days in advance of being entered into);

(ii) it provides that no trades may occur thereunder until expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the Covered Person. For directors and officers, the cooling-off period ends on the later of (x) ninety days after adoption or certain modifications of the 10b5-1 plan; or (y) two business days following disclosure of the Company's financial results in a Form 10-Q or Form 10-K/Form 20-F or Form 6-K for the quarter in which the 10b5-1 plan was adopted. For all other Covered Persons, the cooling-off period ends 30 days after adoption or modification of the 10b5-1 plan. This required cooling-off period will apply to the entry into a new 10b5-1 plan and any revision or modification of a 10b5-1 plan;

(iii) it is entered into in good faith by the Covered Person, and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the Covered Person is not in possession of material nonpublic information about the Company; and, if the Covered Person is a director or officer, the 10b5-1 plan must include representations by the Covered Person certifying to that effect;

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(iv) it gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material nonpublic information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions; and

(iv) it is the only outstanding Approved 10b5-1 Plan entered into by the Covered Person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)).

No Approved 10b5-1 Plan may be adopted during a blackout period.

If you are considering entering into, modifying or terminating an Approved 10b5-1 Plan or have any questions regarding Approved Rule 10b5-1 Plans, please contact the Compliance Officer. You should consult your own legal and tax advisors before entering into, or modifying or terminating, an Approved 10b5-1 Plan. A trading plan, contract, instruction or arrangement will not qualify as an Approved 10b5-1 Plan without the prior review and approval of the Compliance Officer as described above.

2. Trading Window

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. However, even during this trading window, a Covered Person who is in possession of any material nonpublic information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-Clearance of Securities Transactions

(a) Because Company Insiders are likely to obtain material nonpublic information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company's securities.

(b) Subject to the exemption in subsection (d) below, no Company Insider may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

(c) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted. If the transaction does not occur during the two-day period, pre-clearance of the transaction must be re-requested.

(d) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan once the applicable cooling-off period has expired. No trades may be made under an Approved 10b5-1 Plan until expiration of the applicable cooling-off period. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the Company Insider should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

4. Prohibited Transactions

- (a) Company Insiders are prohibited from trading in the Company’s equity securities during a blackout period imposed under an “individual account” retirement or pension plan of the Company, during which at least 50% of the plan participants are unable to purchase, sell or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.
- (b) Covered Persons, including any person’s spouse, other persons living in such person’s household and minor children and entities over which such person exercises control, are prohibited from engaging in the following transactions in the Company’s securities unless advance approval is obtained from the Compliance Officer:
- (i) Short-term trading. Company Insiders who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;
- (ii) Short sales. Company Insiders and Covered Persons may not sell the Company’s securities short;
- (iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company’s securities;
- (iv) Trading on margin or pledging. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and
- (v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

5. Acknowledgment and Certification

All Covered Persons are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company’s Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of nonpublic information.

(Signature)

(Please print name)

Date:

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APPENDIX A

[INSERT LIST OF EMPLOYEES TO WHOM THE INSIDER TRADING POLICY IS APPLICABLE]

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Shi Qiu, certify that:

1. I have reviewed this annual report on Form 20-F of Mercury Fintech Holding Inc. (the “Company”);
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 Company as of, and for, the periods presented in this report;
4. The Company’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 Company 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 Company, including its consolidated subsidiaries, is made known to us 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 Company’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 Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: April 22, 2024

By: /s/ Shi Qiu

Name: Shi Qiu

Title: Chief Executive Officer

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Yukuan Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of Mercury Fintech Holding Inc. (the “Company”);
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 Company as of, and for, the periods presented in this report;
4. The Company’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 Company 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 Company, including its consolidated subsidiaries, is made known to us 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 Company’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 Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: April 22, 2024

By: /s/ Yukuan Zhang

Name: Yukuan Zhang

Title: Chief Financial Officer

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Mercury Fintech Holding Inc. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shi Qiu, 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 to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 22, 2024

By: /s/ Shi Qiu
Name: Shi Qiu
Title: Chief Executive Officer

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Mercury Fintech Holding Inc. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Yukuan Zhang, 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 to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 22, 2024

By: /s/ Yukuan Zhang
Name: Yukuan Zhang
Title: Chief Financial Officer



Onestop Assurance PAC

10 Anson Road
#6-15 International Plaza Singapore 079903
Email: audit@onestop-ca.com
Website: www.onestop-ca.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-206466 and 333-259774) of Mercurity Fintech Holding Inc. (the Company) of our report dated April 22, 2024, with respect to the consolidated financial statements of the Company for the year ended December 31, 2023, appearing in the Annual Report on Form 20-F of the Company for the year ended December 31, 2023. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

/s/ Onestop Assurance PAC
Onestop Assurance PAC
Singapore
April 22, 2024

Certification by the Chief Executive Officer

Pursuant to Item 161(a) of Form 20-F

I, Shi Qiu, Director and Chief Executive Officer of Mercurity Fintech Holding Inc. (the “Company”), certify that to my knowledge following due inquiry:

- (1) As of the date hereof, the directors and officers of the Company consist of: Dr. Alan Curtis, Dr. Cong Huang, Mr. Hui Cheng, Mr. Shi Qiu, Mr. Daniel Kelly Kennedy, Ms. Qian Sun and Mr. Yukuan Zhang;
- (2) None of the Company’s directors or officers are representatives of any government entity in the People’s Republic of China (the “PRC”);
- (3) Based on the Company’s register of members and Schedules 13D and 13G and/or amendments thereto filed with the Securities and Exchange Commission by holders of the Company’s ordinary shares, to the best knowledge of the Company, none of the shareholders are controlled by any government entity in the PRC;
- (4) There are no voting, acting-in-concert or other agreements or arrangements, nomination, appointment, designation or other rights, or material relationships, in each case between the Company or any of the aforementioned directors or officers or shareholders on the one hand, and any person on the other hand, that could result in any government entity in the PRC being deemed to control the Company; and
- (5) Based on the above, the Company is not owned or controlled by a government entity in the PRC.

As used in this certification, the term “control” or “controlled” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the Company, whether through the ownership of voting securities, by contract, or otherwise.

Date: April 22, 2024

By: /s/ Shi Qiu
Shi Qiu
Chief Executive Officer

COINBASE PRIME BROKER AGREEMENT

General Terms and Conditions

1. Introduction

This agreement (including, the Coinbase Custody Custodial Services Agreement attached hereto as Exhibit A (the “Custody Agreement”), the Coinbase Master Trading Agreement attached hereto as Exhibit B (the “MTA”), and all other exhibits, addenda and supplements attached hereto or referenced herein, collectively, the “Coinbase Prime Broker Agreement”), is entered into by and between Mercurity Fintech Technology Holding Inc., (“Client”), and Coinbase, Inc. (“Coinbase”), on behalf of itself and as agent for Coinbase, Coinbase Custody Trust Company, LLC (“Coinbase Custody”), and, as applicable, Coinbase Credit, Inc. (“Coinbase Credit,” and collectively with Coinbase and Coinbase Custody, the “Coinbase Entities”). This Coinbase Prime Broker Agreement sets forth the terms and conditions pursuant to which the Coinbase Entities will open and maintain the prime broker account (the “Prime Broker Account”) for Client and provide services relating to custody, trade execution, lending or post-trade credit (if applicable), and other services (collectively, the “Prime Broker Services”) for certain digital assets (“Digital Assets”) as set forth herein. Client and the Coinbase Entities (individually or collectively, as the context requires) may also be referred to as a “Party”. Capitalized terms not defined in these General Terms and Conditions (the “General Terms”) shall have the meanings assigned to them in the respective exhibit, addendum or supplement. In the event of a conflict between these General Terms and any exhibit, addendum or supplement hereto, then the document governing the specific relevant Prime Broker Service shall control in respect of such Prime Broker Service.

2. Conflicts of Interest Acknowledgement

Client acknowledges that the Coinbase Entities may have actual or potential conflicts of interest in connection with providing the Prime Broker Services including that (i) Orders (as such term is defined in the MTA) may be routed to Coinbase’s exchange platform where Orders may be executed against other Coinbase customers or with Coinbase acting as principal, (ii) the beneficial identity of the purchaser or seller with respect to an Order is unknown and therefore may inadvertently be another Coinbase client, (iii) Coinbase does not engage in front-running, but is aware of Orders or imminent Orders and may execute a trade for its own inventory (or the account of an affiliate) while in possession of that knowledge and (iv) Coinbase may act in a principal capacity with respect to certain Orders (e.g., to fill residual Order size when a portion of an Order may be below the minimum size accepted by the Connected Trading Venues (as defined in the MTA). As a result of these and other conflicts, the Coinbase Entities may have an incentive to favor their own interests and the interests of their affiliates over a particular Client’s interests and has in place certain policies and procedures in place that are designed to mitigate such conflicts.

3. Account Statements

Client authorizes Coinbase to combine information regarding all Prime Broker Services activities into a single statement. Coinbase will provide Client with an electronic account statement every month, at a minimum. Each account statement will identify the amount of cash and each Digital Asset in Client’s Prime Broker Account at the end of the period and set forth all Prime Broker Account activity during that period.

4. Client Instructions

4.1 In a written notice to Coinbase, Client may designate persons and/or entities authorized to act on behalf of Client with respect to the Prime Broker Account (the “Authorized Representative”). Upon such designation, Coinbase may rely on the validity of such appointment until such time as Coinbase receives Instructions from Client revoking such appointment or designating a new Authorized Representative.

4.2 The Coinbase Entities may act upon instructions received from Client or Client’s Authorized Representative (“Instructions”). When taking action upon Instructions, the applicable Coinbase Entity shall act in a reasonable manner, and in conformance with the following: (a) Instructions shall continue in full force and effect until executed, cancelled or superseded; (b) if any Instructions are ambiguous, the applicable Coinbase Entity shall refuse to execute such Instructions until any such ambiguity has been resolved to the Coinbase Entity’s satisfaction; (c) the Coinbase Entities may refuse to execute Instructions if in the applicable Coinbase Entity’s opinion such Instructions are outside the scope of its obligations under this Coinbase Prime Broker Agreement or are contrary to any applicable laws, rules and regulations; and (d) the Coinbase Entities may rely on any Instructions, notice or other communication believed by it in good faith to be given by Client or Client’s Authorized Representative. Client shall be fully responsible and liable for, and the Coinbase Entities shall have no liability with respect to, any and all Claims and Losses arising out of or relating to inaccurate or ambiguous Instructions.

4.3 Coinbase will comply with the Client’s Instructions to stake, stack or vote the Client’s Digital Assets to the extent the applicable Coinbase Entity supports proof of stake validation, proof of transfer validation, or voting for such Digital Assets. The Coinbase Entities may, in their sole discretion, decide whether or not to support (or cease supporting) staking services or stacking or voting for a Digital Asset.

5. Representations, Warranties, and Additional Covenants

Client represents, warrants, and covenants that:

- 5.1 Client has the full power, authority, and capacity to enter into this Coinbase Prime Broker Agreement and to engage in transactions with respect to all Digital Assets relating to the Prime Broker Services;
- 5.2 Client is and shall remain in full compliance with all applicable laws, rules, and regulations in each jurisdiction in which Client operates or otherwise uses the Prime Broker Services, including U.S. securities laws and regulations, as well as any applicable state and federal laws, including AML Laws, USA PATRIOT Act and Bank Secrecy Act requirements, and other anti-terrorism statutes, regulations, and conventions of the United States or other international jurisdictions;
- 5.3 Client is and shall remain in good standing with all relevant government agencies, departments, regulatory, and supervisory bodies in all relevant jurisdictions in which Client does business, and Client will immediately notify Coinbase if Client ceases to be in good standing with any regulatory authority;
- 5.4 Client shall promptly provide information as the Coinbase Entities may reasonably request in from time to time regarding: (a) Client’s policies, procedures, and activities which relate to the Prime Broker Services, and (b) Client’s use of the Prime Broker Services, in each case to the extent reasonably necessary for the Coinbase Entities to comply with any applicable laws, rules, and regulations (including money laundering statutes, regulations and conventions of the United States or other jurisdictions), or the guidance or direction of, or request from, any regulatory authority or financial institution;
- 5.5 Client’s use of the Prime Broker Services shall be for commercial, business purposes only, limited to activities disclosed in the due diligence information submitted to Coinbase, and shall not include any personal, family or household purposes. Client shall promptly notify Coinbase in writing in the event it intends to use the Prime Broker Services in connection with any business activities not previously disclosed to Coinbase. Coinbase may, in its sole discretion, prohibit Client from using the Prime Broker Services in connection with any business activities not previously disclosed;

- 5.6 Client's Authorized Representatives have the (a) full power, authority and capacity to access and use the Prime Broker Services and (b) appropriate sophistication, expertise, and knowledge necessary to understand the nature and risks, and make informed decisions, in respect of Digital Assets and the Prime Broker Services;
- 5.7 This Coinbase Prime Broker Agreement is Client's legal, valid, and binding obligation, enforceable against it in accordance with its terms; and
- 5.8 Unless Client advises Coinbase to the contrary in writing, at all times, none of Client's assets constitute, directly or indirectly, plan assets subject to the fiduciary responsibility and prohibited transaction sections of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), the prohibited transaction provisions of the Internal Revenue Code of 1986, as amended, or any federal, state, local or non-U.S. law that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, and Client shall immediately provide Coinbase with a written notice in the event that Client becomes aware that Client is in breach of the foregoing.

Coinbase, on behalf of itself and each other Coinbase Entity, represents, warrants, and covenants that:

- 5.9 It possesses and will maintain, all licenses, registrations, authorizations and approvals required by any applicable government agency or regulatory authority for it to operate its business and provide the Prime Broker Services;
- 5.10 It has the full power, authority, and capacity to enter into and be bound by this Coinbase Prime Broker Agreement; and
- 5.11 This Coinbase Prime Broker Agreement is its legal, valid and binding obligation, enforceable against it in accordance with its terms.

6. No Investment Advice or Brokerage

- 6.1 Client assumes responsibility for each transaction in or for its Prime Broker Account. Client understands and agrees that none of the Coinbase Entities are an SEC/FINRA registered broker-dealer or investment adviser to Client in any respect, and the Coinbase Entities have no liability, obligation, or responsibility whatsoever for Client decisions relating to the Prime Broker Services. Client should consult its own legal, tax, investment and accounting professionals.
- 6.2 While the Coinbase Entities may make certain general information available to Client, the Coinbase Entities are not providing and will not provide Client with any investment, legal, tax or accounting advice regarding Client's specific situation. Client is solely responsible, and shall not rely on the Coinbase Entities, for determining whether any investment, investment strategy, or transaction involving Digital Assets is appropriate for Client based on Client's investment objectives, financial circumstances, risk tolerance, and tax consequences. The Coinbase Entities shall have no liability, obligation, or responsibility whatsoever regarding any Client decision to enter into in any transaction with respect to any Digital Asset.

7. Opt-In to Article 8 of the Uniform Commercial Code

Client Assets in the Trading Balance and Vault Balance will be treated as "financial assets" under Article 8 of the New York Uniform Commercial Code ("Article 8"). Coinbase and Coinbase Custody are "securities intermediaries," the Trading Balance and Vault Balance are each "securities accounts," and Client is an "entitlement holder" under Article 8. This Agreement sets forth how the Coinbase Entities will satisfy their Article 8 duties. Treating Client Assets in the Trading Balance and Vault Balance as financial assets under Article 8 does not determine the characterization or treatment of the cash and Digital Assets under any other law or rule. New York will be the securities intermediary's jurisdiction with respect to Coinbase and Coinbase Custody, and New York law will govern all issues addressed in Article 2(1) of the Hague Securities Convention. Coinbase and Coinbase Custody will credit the Client with any payments or distributions on any Client Assets it holds for Client's Trading Balance and Vault Balance. Coinbase and Coinbase Custody will comply with Client's Instructions with respect to Client Assets in Client's Trading Balance or Vault Balance, subject to the terms of the MTA or Custody Agreement, as applicable, and related Coinbase rules, including the Coinbase Trading Rules (as such term is defined in the MTA).

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8. General Use, Security and Prohibited Use

- 8.1 *Prime Broker Site and Content.* During the term of this Coinbase Prime Broker Agreement, the Coinbase Entities hereby grant Client a limited, nonexclusive, non-transferable, non-sublicensable, revocable and royalty-free license, subject to the terms of this Coinbase Prime Broker Agreement, to access and use the Coinbase Prime Broker Site accessible at prime.coinbase.com ("Coinbase Prime Broker Site") and related content, materials, and information (collectively, the "Content") solely for Client's internal business use and other purposes as permitted by Coinbase in writing from time to time. Any other use of the Coinbase Prime Broker Site or Content is hereby prohibited. All other right, title, and interest (including all copyright, trademark, patent, trade secrets, and all other intellectual property rights) in the Coinbase Prime Broker Site, Content, and Prime Broker Services is and will remain the exclusive property of the Coinbase Entities and their licensors. Client shall not copy, transmit, distribute, sell, license, reverse engineer, modify, publish, or participate in the transfer or sale of, create derivative works from, or in any other way exploit any of the Prime Broker Services or Content, in whole or in part. "Coinbase," "Coinbase Prime," "prime.coinbase.com," and all logos related to the Prime Broker Services or displayed on the Coinbase Prime Broker Site are either trademarks or registered marks of the Coinbase Entities or their licensors. Client may not copy, imitate or use them without Coinbase's prior written consent. The license granted under this Section 8.1 will automatically terminate upon termination of this Coinbase Prime Broker Agreement, or the suspension or termination of Client's access to the Coinbase Prime Broker Site or Prime Broker Services.
- 8.2 *Unauthorized Users.* Client shall not permit any person or entity that is not the Client or an Authorized Representative (each, an "Unauthorized User") to access, connect to, and/or use Client's Prime Broker Account. The Coinbase Entities shall have no liability, obligation, or responsibility whatsoever for, and Client shall be fully responsible and liable for, any and all Claims and Losses arising out of or relating to the acts and omissions of any Unauthorized User in respect of the Prime Broker Services, Prime Broker Account, and/or the Prime Broker Site. Client shall notify Coinbase immediately if Client believes or becomes aware that an Unauthorized User has accessed, connected to, or used Client's Prime Broker Account.
- 8.3 *Password Security; Contact Information.* Client is fully responsible for maintaining adequate security and control of any and all IDs, passwords, hints, personal identification numbers (PINs), API keys, YubiKeys, other security or confirmation information or hardware, and any other codes that Client uses to access the Prime Broker Account and Prime Broker Services. Client agrees to keep Client's email address and telephone number up to date in Client's Prime Broker Account in order to receive any notices or alerts that the Coinbase Entities may send to Client. Client shall be fully responsible for, and the Coinbase Entities shall have no liability, obligation, or responsibility whatsoever for, any Losses that Client may sustain due to compromise of Prime Broker Account login credentials. In the event Client believes Client's Prime Broker Account information has been compromised, Client must contact Coinbase immediately.

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- 8.4 *Prohibited Use.* Client shall not engage in any of the following activities with its use of the Prime Broker Services:

- 8.4.1 *Unlawful Activity.* Activity that would violate, or assist in violation of, any law, statute, ordinance, or regulation, sanctions programs administered in the countries where Coinbase conducts business, including but not limited to the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), or which

would involve proceeds of any unlawful activity; publish, distribute or disseminate any unlawful material or information;

8.4.2. *Abusive Activity.* Actions that impose an unreasonable or disproportionately large load on Coinbase's infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data, or information; transmit or upload any material to Coinbase systems that contains viruses, trojan horses, worms, or any other harmful or deleterious programs; attempt to gain unauthorized access to Coinbase systems, other Coinbase accounts, computer systems or networks connected to Coinbase systems, Coinbase Site, through password mining or any other means; use Coinbase Account information of another party to access or use the Coinbase systems, except in the case of specific Clients and/or applications which are specifically authorized by a Client to access such Client's Coinbase Account and information; or transfer Client's account access or rights to Client's account to a third party, unless by operation of law or with the express permission of Coinbase; and

8.4.3. *Fraud.* Activity which operates to defraud Coinbase or any other person or entity.

8.5 *Computer Viruses.* The Coinbase Entities shall not have any liability, obligation, or responsibility whatsoever for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect Client's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption directly resulted from the Coinbase Entities' gross negligence, fraud, or willful misconduct. Client agrees to access and use its Prime Broker Account through the Coinbase Prime Broker Site to review any Orders, deposits or withdrawals or required actions to confirm the authenticity of any communication or notice from the Coinbase Entities.

9. Taxes

9.1 *Taxes.* Except as otherwise expressly stated herein, Client shall be fully responsible and liable for, and the Coinbase Entities shall have no liability, obligation, or responsibility whatsoever for, the payment of any and all present and future tariffs, duties or taxes (including withholding taxes, transfer taxes, stamp taxes, documentary taxes, value added taxes, personal property taxes and all similar costs) imposed or levied by any government or governmental agency (collectively, "Taxes") and any related Claims and Losses or the accounting or reporting of income or other Taxes arising from or relating to any transactions Client conducts through the Prime Broker Services. Client shall file all tax returns, reports, and disclosures required by applicable law.

9.2 *Withholding Tax.* Except as required by applicable law, each payment under this Coinbase Prime Broker Agreement or collateral deliverable by Client to any Coinbase Entities shall be made, and the value of any collateral or margin shall be calculated, without withholding or deducting of any Taxes. If any Taxes are required to be withheld or deducted, Client (a) authorizes the Coinbase Entities to effect such withholding or deduction and remit such Taxes to the relevant taxing authorities and (b) shall pay such additional amounts or deliver such further collateral as necessary to ensure that the actual net amount received by the Coinbase Entities is equal to the amount that the Coinbase Entities would have received had no such withholding or deduction been required. Client agrees that the Coinbase Entities may disclose any information with respect to Client Assets, the Prime Broker Account, Custodial Accounts, Trading Accounts, and transactions required by any applicable taxing authority or other governmental entity. The Client agrees that the Coinbase Entities may withhold or deduct Taxes as may be required by applicable law. From time to time, Coinbase Entities shall ask Client for tax documentation or certification of Client's taxpayer status as required by applicable law, and any failure by Client to comply with this request in the time frame identified may result in withholding and/or remission of taxes to a tax authority as required by applicable law.

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10. Prime Broker Services Fees

10.1 Client agrees to pay all commissions and fees in connection with the Orders and Prime Broker Services on a timely basis as set forth in the Fee Schedule, attached hereto as Appendix 1. Client authorizes the Coinbase Entities to pay themselves for fees and commissions relating to the Trading Account and Custodial Account by deducting fees from the Vault Balance or Trading Balance, as applicable, to satisfy Client's fees owed.

10.2 Client acknowledges that Coinbase's fees may include but are not limited to: (a) bank wire fees to deposit and/or withdraw Client Cash; (b) internal transfers from its Vault Balance to its Trading Balance; and (c) external withdrawals of Client Assets. Client further acknowledges that Coinbase Custody will charge fees for any balance of Digital Assets that Client keeps in the Vault Balance.

11. Confidentiality

11.1 Client and Coinbase Entities each agree that with respect to any non-public, confidential or proprietary information of the other Party, including the existence and terms of this Coinbase Prime Broker Agreement and information relating to the other party's business operations or business relationships (including the Coinbase Entities' fees), and any arbitration pursuant to Section 22 (collectively, "Confidential Information"), it (a) will not disclose such Confidential Information except to such party's officers, directors, agents, employees and professional advisors who need to know the Confidential Information for the purpose of assisting in the performance of this Coinbase Prime Broker Agreement and who are informed of, and agree to be bound by obligations of confidentiality no less restrictive than those set forth herein and (b) will protect such Confidential Information from unauthorized use and disclosure. Each Party shall use any Confidential Information that it receives solely for purposes of (i) exercising its rights and performing its duties under the Coinbase Prime Broker Agreement and (ii) complying with any applicable laws, rules and regulations; provided that, the Coinbase Entities may use Confidential Information for (1) risk management; and (2) to develop, enhance and market their products and services. Confidential Information shall not include any (w) information that is or becomes generally publicly available through no fault of the recipient; (x) information that the recipient obtains from a third party (other than in connection with this Coinbase Prime Broker Agreement) that, to the recipient's best knowledge, is not bound by a confidentiality agreement prohibiting such disclosure; (y) information that is independently developed or acquired by the recipient without the use of Confidential Information provided by the disclosing party; or (z) disclosure with the prior written consent of the disclosing Party.

11.2 Notwithstanding the foregoing, each Party may disclose Confidential Information of the other Party to the extent required by a court of competent jurisdiction or governmental authority or otherwise required by law; provided, however, the Party making such required disclosure shall first notify the other Party (to the extent legally permissible) and shall afford the other Party a reasonable opportunity to seek confidential treatment if it wishes to do so and will consider in good faith reasonable and timely requests for redaction. For purposes of this Section 11, no affiliate of Coinbase shall be considered a third party of any Coinbase Entity, and the Coinbase Entities may freely share Client's Confidential Information among each other and with such affiliates. All documents and other tangible objects containing or representing Confidential Information and all copies or extracts thereof or notes derived therefrom that are in the possession or control of the receiving Party shall be and remain the property of the disclosing Party and shall be promptly returned to the disclosing Party or destroyed, each upon the disclosing Party's request; provided, however, notwithstanding the foregoing, the receiving Party may retain one (1) copy of Confidential Information if (a) required by law or regulation; or (b) retained pursuant to an established document retention policy.

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12. Market Data

Client agrees that its use of data made available to it through the Trading Platform's application programming interface(s), which may include the prices and quantities of orders and transactions executed on Trading Platform (collectively "Market Data"), is subject to the Market Data Terms of Use, as amended and updated from time to time at https://www.coinbase.com/legal/market_data or a successor website.

13. Recording of Conversations

For compliance and monitoring purposes, Client authorizes each Coinbase Entity at its sole discretion to record conversations between such Coinbase Entity and Client or its Authorized Representatives relating to this Coinbase Prime Broker Agreement, the Prime Broker Account and the Prime Broker Services.

14. Security and Business Continuity

The Coinbase Entities have implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard the Coinbase Entities' electronic systems and Client's Confidential Information from, among other things, unauthorized access or misuse. In the event of a Data Security Incident (defined below), the applicable Coinbase Entity shall promptly notify Client and such notice shall include the following information: (a) the timing and nature of the Data Security Incident; (b) the information related to Client that was compromised; (c) when the Data Security Incident was discovered; and (d) any remedial actions that have been taken and that the applicable Coinbase Entity plans to take. "Data Security Incident" means an incident whereby (i) an unauthorized person acquired or accessed Client's Confidential Information; or (ii) Client's Confidential Information is otherwise lost, stolen, or compromised, each case, while in the possession or control of the Coinbase Entities.

The Coinbase Entities have established a business continuity plan that will support their ability to conduct business in the event of a significant business disruption. The business continuity plan is reviewed and updated annually, and may be updated more frequently as deemed necessary by the Coinbase Entities in their sole discretion. To receive more information about the Coinbase Entities' business continuity plan, please send a written request to security@coinbase.com.

15. Acknowledgement of Risks

Client hereby acknowledges, that: (i) Digital Assets are not legal tender, are not backed by any government, and are not subject to protections afforded by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation; (ii) Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and/or value of Digital Assets; (iii) transactions in Digital Assets are irreversible, and, accordingly, Digital Assets lost due to fraudulent or accidental transactions may not be recoverable; (iv) certain Digital Assets transactions will be deemed to be made when recorded on a public blockchain ledger, which is not necessarily the date or time that Client initiates the transaction or such transaction enters the pool; (v) the value of Digital Assets may be derived from the continued willingness of market participants to exchange any government issued currency ("Fiat Currency") for Digital Assets, which may result in the permanent and total loss of value of a Digital Asset should the market for that Digital Asset disappear; (vi) the volatility of the value of Digital Assets relative to Fiat Currency may result in significant losses; (vii) Digital Assets may be susceptible to an increased risk of fraud or cyber-attack; (viii) the nature of Digital Assets means that any technological difficulties experienced by a Coinbase Entity may prevent the access or use of Client Digital Assets; and (ix) any bond or trust account maintained by Coinbase Entities for the benefit of its customers may not be sufficient to cover all losses (including Losses) incurred by customers.

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16. Operation of Digital Asset Protocols

16.1 The Coinbase Entities do not own or control the underlying software protocols which govern the operation of Digital Assets. Generally, the underlying software protocols and, if applicable, related smart contracts (referred to collectively as "Protocols") for purposes of this Section 16) are open source and anyone can use, copy, modify or distribute them. By using the Prime Broker Services, Client acknowledges and agrees that (i) the Coinbase Entities make no guarantee of the functionality, security, or availability of underlying Protocols; (ii) some underlying Protocols are subject to consensus-based proof of stake validation methods which may allow, by virtue of their governance systems, changes to the associated blockchain or digital ledger ("Governance Modifiable Blockchains"), and that any Client transactions validated on such Governance Modifiable Blockchains may be affected accordingly; and (iii) the underlying Protocols are subject to sudden changes in operating rules (a/k/a "forks"), and that such forks may materially affect the value, function, and/or even the name of the Digital Assets. In the event of a fork, Client agrees that the Coinbase Entities may temporarily suspend Prime Broker Services (with or without notice to Client) and that the Coinbase Entities may, in their sole discretion, determine whether or not to support (or cease supporting) either branch of the forked protocol entirely. Client agrees that the Coinbase Entities shall have no liability, obligation or responsibility whatsoever arising out of or relating to the operation of Protocols, transactions affected by Governance Modifiable Blockchains, or an unsupported branch of a forked protocol and, accordingly, Client acknowledges and assumes the risk of the same.

16.2 Unless specifically communicated by the Coinbase Entities through a written public statement on the Coinbase website, the Coinbase Entities do not support airdrops, metacoins, colored coins, side chains, or other derivative, enhanced or forked protocols, tokens or coins, which supplement or interact with a Digital Asset (collectively, "Advanced Protocols") in connection with the Prime Broker Services. The Prime Broker Services are not configured to detect, process and/or secure Advanced Protocol transactions and neither Client nor the Coinbase Entities will be able to retrieve any unsupported Advanced Protocol. Coinbase shall have no liability, obligation or responsibility whatsoever in respect to Advanced Protocols.

17. Set-off

Upon the termination of, or the occurrence of a default or an event of default under, an agreement with a Coinbase Entity (including an "Event of Default" as such term is defined in the PTC Agreement (in each case, at maturity, upon acceleration or otherwise) or the occurrence of an event that constitutes "Cause" (as defined below) (each, a "Setoff Event"), each Coinbase Entity may set off and net the amounts due from it or any other Coinbase Entity to Client and from Client to it or any other Coinbase Entity, so that a single payment (the "Net Payment") shall be immediately due and payable by the Client or the Coinbase Entity to the other (subject to the other provisions hereof and of any agreement with a Coinbase Entity). If any amounts cannot be included within the Net Payment, such amounts shall be excluded but may still be netted against any other similarly excluded amounts. Upon the occurrence of a Setoff Event, each Coinbase Entity may also (a) liquidate, apply and set off any or all Client Assets (as such term is defined in the MTA) against any Net Payment, unpaid trade credits, or any other obligation owed by Client to any Coinbase Entity and (b) set off and net any Net Payment or any other obligation owed to the Client by any Coinbase Entity against (i) any or all collateral or margin posted by any Coinbase Entity to Client (or the U.S. dollar value thereof, determined by Coinbase in its sole discretion on the basis of a recent price at which the relevant Digital Asset was sold to customers on the Trading Platform); and (ii) any Net Payment, unpaid trade credits or any other obligation owed by Client to any Coinbase Entity (in each case, whether matured or unmatured, fixed or contingent, or liquidated or unliquidated). Client agrees that in the exercise of setoff rights or secured party remedies, the Coinbase Entities may value Client Digital Assets using the same valuation methods and processes that are otherwise used when a Coinbase customer sells an asset on the Trading Platform (as such term is defined in the MTA) or any other commercially reasonable valuation method as determined by Coinbase in its sole discretion.

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18. Disclaimer of Warranties

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE PRIME BROKER SERVICES AND THE COINBASE WEBSITE ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY WARRANTY OF ANY KIND, AND THE COINBASE ENTITIES HEREBY SPECIFICALLY DISCLAIM ALL WARRANTIES WITH RESPECT TO THE PRIME BROKER SERVICES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING THE IMPLIED WARRANTIES AND/OR CONDITIONS OF TITLE, MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, AND/OR NON-INFRINGEMENT. THE COINBASE ENTITIES DO NOT WARRANT THAT THE PRIME BROKER SERVICES, INCLUDING ACCESS TO AND USE OF THE COINBASE WEBSITES, OR ANY OF THE CONTENT CONTAINED THEREIN, WILL BE CONTINUOUS, UNINTERRUPTED, TIMELY, COMPATIBLE WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES, SECURE, COMPLETE, FREE OF HARMFUL CODE OR ERROR-FREE.

19. Indemnification

- 19.1 Client shall defend and indemnify and hold harmless each Coinbase Entity, its affiliates, and their respective officers, directors, agents, employees and representatives from and against any and all Claims and Losses arising out of or relating to Client's breach of this Coinbase Prime Broker Agreement, Client's violation of any law, rule or regulation, or rights of any third party, or Client's gross negligence, fraud or willful misconduct. This obligation will survive any termination of this Coinbase Prime Broker Agreement. Client shall not accept any settlement of any Claims or Losses if such settlement imposes any financial or non-financial liabilities, obligations or restrictions on, or requires an admission of guilt or wrong-doing from, any indemnified party pursuant to this Section 19, without such indemnified party's prior written consent.
- 19.2 For the purposes of this Coinbase Prime Broker Agreement:
- (a) "**Claim**" means any action, suit, litigation, demand, charge, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other governmental, regulatory or administrative body or any arbitrator or arbitration panel; and
 - (b) "**Losses**" means any liabilities, damages, diminution in value, payments, obligations, losses, interest, costs and expenses, security or other remediation costs (including any regulatory investigation or third party subpoena costs, reasonable attorneys' fees, court costs, expert witness fees, and other expenses relating to investigating or defending any Claim); fines, taxes, fees, restitution, or penalties imposed by any governmental, regulatory or administrative body, interest on and additions to tax with respect to, or resulting from, Taxes imposed on Client's assets, cash, other property, or any income or gains derived therefrom; and judgments (at law or in equity) or awards of any nature.

20. Limitation of Liability

IN NO EVENT SHALL ANY COINBASE ENTITY, ITS AFFILIATES, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND REPRESENTATIVES HAVE ANY LIABILITY TO CLIENT OR ANY THIRD PARTY WITH RESPECT TO ANY BREACH OF ITS OBLIGATIONS HEREUNDER, EXPRESS OR IMPLIED, WHICH DOES NOT RESULT SOLELY FROM ITS GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT FOR LIABILITIES SPECIFICALLY PROVIDED FOR HEREUNDER, NEITHER PARTY HERETO SHALL BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR SIMILAR LOSSES, EVEN IF THE OTHER PARTY HAD BEEN ADVISED OF OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY THEREOF. NOTHING IN THIS COINBASE PRIME BROKER AGREEMENT SHALL BE DEEMED TO CREATE ANY JOINT OR SEVERAL LIABILITY AMONG ANY OF THE COINBASE ENTITIES. IN NO EVENT SHALL ANY COINBASE ENTITY'S AGGREGATE LIABILITY WITH RESPECT TO ANY BREACH OF ITS OBLIGATIONS HEREUNDER EXCEED THE AGGREGATE AMOUNT OF FEES PAID BY CLIENT TO SUCH COINBASE ENTITY IN RESPECT OF THE PRIME BROKER SERVICES IN THE 12-MONTH PERIOD PRIOR TO THE EVENT GIVING RISE TO SUCH LIABILITY AND SOLELY IN RESPECT OF CUSTODIAL SERVICES PROVIDED PURSUANT TO THE CUSTODY AGREEMENT, THE GREATER OF (i) THE AGGREGATE AMOUNT OF FEES PAID BY CLIENT TO COINBASE CUSTODY IN RESPECT OF THE CUSTODIAL SERVICES IN THE 12-MONTH PERIOD PRIOR TO THE EVENT GIVING RISE TO SUCH LIABILITY OR (ii) THE VALUE OF THE SUPPORTED DIGITAL ASSETS ON DEPOSIT IN CLIENT'S CUSTODIAL ACCOUNT(S) GIVING RISE TO SUCH LIABILITY AT THE TIME OF THE EVENT GIVING RISE TO SUCH LIABILITY (THE VALUE OF WHICH SHALL BE CALCULATED AT THE AVERAGE UNITED STATES DOLLAR ASK PRICE, AT THE TIME OF SUCH EVENT, OF THE THREE (3) LARGEST U.S.-BASED EXCHANGES (BY TRAILING 30-DAY VOLUME) WHICH OFFER THE RELEVANT DIGITAL CURRENCY OR DIGITAL ASSET/USD TRADING PAIR, AS RELEVANT); PROVIDED, THAT IN NO EVENT SHALL COINBASE CUSTODY'S AGGREGATE LIABILITY IN RESPECT OF EACH COLD STORAGE ADDRESS EXCEED ONE HUNDRED MILLION US DOLLARS (US\$100,000,000).

21. Privacy

The Coinbase Entities shall use and disclose Client's and its Authorized Representatives' non-public personal information in accordance with the Coinbase Privacy Policy, as set forth at <https://www.coinbase.com/legal/privacy> or a successor website, and as amended and updated from time to time.

22. Arbitration

- 22.1 Any Claim arising out of or relating to this Coinbase Prime Broker Agreement, or the breach, termination, enforcement, interpretation or validity thereof, including any determination of the scope or applicability of the agreement to arbitrate as set forth in this Section 22, shall be determined by arbitration in the state of New York or another mutually agreeable location, before one neutral arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, and the award of the arbitrator (the "**Award**") shall be accompanied by a reasoned opinion. Judgment on the Award may be entered in any court having jurisdiction. This Coinbase Prime Broker Agreement shall not preclude the Parties from seeking provisional relief, including injunctive relief, in any court of competent jurisdiction. Seeking any such provisional relief shall not be deemed to be a waiver of such party's right to compel arbitration. The Parties expressly waive their right to a jury trial to the extent permitted by applicable law.
- 22.2 In any arbitration arising out of or related to this Coinbase Prime Broker Agreement, the arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees, and attorneys' fees.
- 22.3 The Parties acknowledge that this Coinbase Prime Broker Agreement evidences a transaction involving interstate commerce. Notwithstanding the provision herein with respect to applicable substantive law, any arbitration conducted pursuant to the terms of this Coinbase Prime Broker Agreement shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1-16).

23. Term, Termination and Suspension

This Coinbase Prime Broker Agreement is effective as of the date written below and shall remain in effect until terminated by Coinbase or Client as follows:

- (a) Either Party may terminate this Coinbase Prime Broker Agreement in its entirety for any reason and without Cause by providing at least 30 days' prior written notice to the other party; provided, however, Client's termination of this Coinbase Prime Broker Agreement shall not be effective until Client has fully satisfied its obligations hereunder.
- (b) Regardless of any other provision of this Coinbase Prime Broker Agreement, the Coinbase Entities may, in their sole discretion, suspend, restrict or terminate the Client's Prime Broker Services, including by suspending, restricting or closing the Client's Prime Broker Account and/or any associated Trading Account, Custodial Account or any credit account (as applicable), for Cause, at any time and without prior notice to the Client.

"**Cause**" shall mean: (i) Client breaches any provision of this Coinbase Prime Broker Agreement; (ii) Client takes any action to dissolve or liquidate, in whole or part; (iii) Client becomes insolvent, makes an assignment for the benefit of creditors, becomes subject to direct control of a trustee, receiver or similar authority; (iv) Client becomes subject to any bankruptcy or insolvency proceeding under any applicable laws, rules and regulations, such termination being effective immediately upon any declaration of bankruptcy; (v) Coinbase becomes aware of any facts or circumstances with respect to the Client's financial, legal,

regulatory or reputational position which may affect Client's ability to comply with its obligations under this Coinbase Prime Broker Agreement; (vi) termination is required pursuant to a facially valid subpoena, court order or binding order of a government authority; (vii) Client's Prime Broker Account is subject to any pending litigation, investigation or government proceeding and/or Coinbase reasonably perceives a heightened risk of legal regulatory non-compliance associated with Client's use of Prime Broker Services; or (viii) Coinbase reasonably suspects Client of attempting to circumvent Coinbase's controls or uses the Prime Broker Services in a manner Coinbase otherwise deems inappropriate or potentially harmful to itself or third parties.

- (c) Client acknowledges that the Coinbase Entities' decision to take certain actions, including suspending, restricting or terminating Client's Prime Broker Account or Prime Broker Services, may be based on confidential criteria that are essential to Coinbase's risk management and security practices and agrees that the Coinbase Entities are under no obligation to disclose the details of its risk management and security practices to Client.

24. Severability

If any provision or condition of this Coinbase Prime Broker Agreement shall be held invalid or unenforceable, the remainder of this Coinbase Prime Broker Agreement shall continue in full force and effect.

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25. Waiver

Any waivers of rights by the Coinbase Entities under this Coinbase Prime Broker Agreement must be in writing and signed by Coinbase on behalf of the relevant Coinbase Entities. A waiver will apply only to the particular circumstance giving rise to the waiver and will not be considered a continuing waiver in other similar circumstances. The Coinbase Entities' failure to insist on strict compliance with this Coinbase Prime Broker Agreement or any other course of conduct by the Coinbase Entities shall not be considered a waiver of their rights under this Coinbase Prime Broker Agreement.

26. Survival

All provisions of this Coinbase Prime Broker Agreement which by their nature extend beyond the expiration or termination of this Coinbase Prime Broker Agreement shall survive the termination or expiration of this Coinbase Prime Broker Agreement.

27. Governing Law

This Coinbase Prime Broker Agreement, Client's Prime Broker Account, and the Prime Broker Services will be governed by and construed in accordance with the laws of the State of New York, excluding its conflicts of laws principles, except to the extent such state law is preempted by federal law.

28. Force Majeure

The Coinbase Entities shall not be liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of the Coinbase Entities, including any act of God; embargo; natural disaster; act of civil or military authorities; act of terrorists; hacking; government restrictions; any ruling by any Connected Trading Venue, exchange or market; market volatility or disruptions in order trading on any Connected Trading Venue, exchange or market; suspension of trading; civil disturbance; war; strike or other labor dispute; fire; severe weather; interruption in telecommunications, Internet services, or network provider services; failure of equipment and/or software; failure of computer or other electronic or mechanical equipment or communication lines; unauthorized access; theft; operator errors; outbreaks of infectious disease or any other public health crises, including quarantine or other employee restrictions; acts or omissions of any Connected Trading Venue; or any other catastrophe or other occurrence which is beyond the reasonable control of the Coinbase Entities.

29. Entire Agreement; Headings

This Coinbase Prime Broker Agreement, together with all exhibits, addenda and supplements attached hereto or referenced herein, comprise the entire understanding between Client and the Coinbase Entities as to the Prime Broker Services and supersedes all prior discussions, agreements and understandings, including any previous version of this Coinbase Prime Broker Agreement, and the Custodial Services Agreement between Client and any Coinbase Entity, including all exhibits, addenda, policies, and supplements attached thereto or referenced therein. Section headings in this Coinbase Prime Broker Agreement are for convenience only and shall not govern the meaning or interpretation of any provision of this Coinbase Prime Broker Agreement.

30. Amendments

Any modification or addition to this Coinbase Prime Broker Agreement must be in writing and either (a) signed by a duly authorized representative of each party, or (b) accepted and agreed to by Client.

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31. Assignment

Any assignment of Client's rights and/or licenses granted under this Coinbase Prime Broker Agreement without obtaining the prior written consent of Coinbase shall be null and void. Coinbase reserves the right to assign its rights under this Coinbase Prime Broker Agreement without restriction, including to any of the Coinbase Entities or their affiliates or subsidiaries, or to any successor in interest of any business associated with the Prime Broker Services, provided that Coinbase shall notify Client within a reasonable amount of time after such assignment. Subject to the foregoing, this Coinbase Prime Broker Agreement will bind and inure to the benefit of the Parties, their successors and permitted assigns.

32. Electronic Delivery of Communications

Client agrees and consents to receive electronically all communications, agreements, documents, notices and disclosures (collectively, "Communications") that the Coinbase Entities provide in connection with Client's Prime Broker Account and Client's use of Prime Broker Services. Communications include: (a) terms of use and policies Client agrees to, including updates to policies or the Coinbase Prime Broker Agreement, (b) Prime Broker Account details, including transaction receipts, confirmations, records of deposits, withdrawals or transaction information, (c) legal, regulatory and tax disclosures or statements the Coinbase Entities may be required to make available to Client and (d) responses to claims or customer support inquiries filed in connection with Client's Prime Broker Account.

Coinbase will provide these Communications to Client by posting them on the Prime Broker Site, emailing them to Client at the primary email address on file with Coinbase, communicating to Client via instant chat, and/or through other means of electronic communication. The Client agrees that electronically delivered Communications may be accepted and agreed to by Client through the Prime Broker Services interface. Furthermore, the Parties consent to the use of electronic signatures in connection with Client's use of the Prime Broker Services.

33. Notice and Contacts

- 33.1 All notices required or permitted to be given hereunder shall be in writing delivered to the Party at its address specified below via an overnight mailing company of national reputation. Any Party that changes its notice address must notify the other Party promptly of such change.
- If to any Coinbase Entity:
- Legal Department
Coinbase, Inc.
- If to Client, the address specified in its signature block on the Execution Page.
- 33.2 In the event of any market operations, connectivity, or erroneous trade issues that require immediate attention including any unauthorized access to Client's Prime Broker Account, please contact:
- To Coinbase:
- To Client: the email address specified in its signature block on the Execution Page.
- It is solely Client's responsibility to provide Coinbase with a true, accurate and complete contact information including any e-mail address, and to keep such information up to date. Client understands and agrees that if Coinbase sends Client an electronic Communication but Client does not receive it because Client's primary email address on file is incorrect, out of date, blocked by Client's service provider, or Client is otherwise unable to receive electronic Communications, Coinbase will be deemed to have provided the Communication to Client. Client may update Client's information via Client's Prime Broker Account and visiting settings or by providing a notice to Coinbase as prescribed above.
- 33.3 To see more information about our regulators, licenses, and contact information for feedback, questions or complaints, please visit <https://www.coinbase.com/legal/licenses>.

34. Client

To the extent Client is a natural person over 18 years of age, if Coinbase receives legal documentation confirming Client's death or other information leading Coinbase to believe Client is deceased, Coinbase will freeze Client's Prime Broker Account ("Freeze Period"). During the Freeze Period, no transactions may be completed until: (i) Client's designated fiduciary has opened a new Prime Broker Account, as further described below, and the entirety of Client's Prime Broker Account has been transferred to such new Prime Broker Account, or (ii) Client has received proof in a form satisfactory to Coinbase that Client is not deceased. If Coinbase has reason to believe Client is deceased but Coinbase does not have proof of Client's death in a form satisfactory to Coinbase, Client authorizes Coinbase to make inquiries, whether directly or through third parties, that Coinbase considers necessary to ascertain whether Client is deceased. Upon receipt by Coinbase of proof satisfactory to Coinbase that Client is deceased, the fiduciary Client designated in a valid will or similar testamentary document will be required to open a new Prime Broker Account. If Client has not designated a fiduciary, then Coinbase reserves the right to (i) treat as Client's fiduciary any person entitled to inherit Client's Prime Broker Account, as determined by Coinbase upon receipt and review of the documentation Coinbase, in its sole and absolute discretion, deems necessary or appropriate, including (but not limited to) a will, a living trust or a Small Estate Affidavit, or (ii) require an order designating a fiduciary from a court having competent jurisdiction over Client's estate. In the event Coinbase determines, in its sole and absolute discretion, that there is uncertainty regarding the validity of the fiduciary designation, Coinbase reserves the right to require an order resolving such issue from a court of competent jurisdiction before taking any action relating to Client's Prime Broker Account. Pursuant to the above, the opening of a new Prime Broker Account by a designated fiduciary is mandatory following the death of Client, and Client hereby agrees that its fiduciary shall be required to open a new Prime Broker Account and provide required account opening information to gain access to the contents of Client's Prime Broker Account.

35. Counterparts

This Coinbase Prime Broker Agreement may be executed in one or more counterparts, including by facsimile or email of .pdf signatures or DocuSign (or similar electronic signature software), each of which shall be deemed to be an original document, but all such separate counterparts shall constitute only one and the same Coinbase Prime Broker Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Coinbase Prime Broker Agreement, including the Custody Agreement and MTA, to be duly executed and delivered as of the date below.

COINBASE, INC. For itself and as agent for the Coinbase Entities

By: /s/ Alejandra Ugarte

Name: Alejandra Ugarte

Title: Authorized Signatory

Date: January 6, 2023

CLIENT: Mercurity Fintech Technology Holding Inc.

By: /s/ Shi Qiu

Name: Shi Qiu

Title: CEO

Date: January 3, 2023

Address: 1330 avenue of Americas Fl33, New York 10019

E-Mail:

EXHIBIT A
to the Coinbase Prime Broker Agreement

COINBASE CUSTODY CUSTODIAL SERVICES AGREEMENT

This Custody Agreement is entered into between Client and Coinbase Custody and forms a part of the Coinbase Prime Broker Agreement between the Client and the Coinbase Entities. Capitalized terms used in this Custody Agreement that are not defined herein shall have the meanings assigned to them in the other parts of the Coinbase Prime Broker Agreement.

1. Custodial Services.

Coinbase Custody shall provide Client with a segregated custody account controlled and secured by Coinbase Custody (“Custodial Account”) to store certain Digital Assets supported by Coinbase Custody, on Client’s behalf (“Custodial Services”). Coinbase Custody is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended, and is licensed to custody Client’s Digital Assets in trust on Client’s behalf. Digital Assets in Client’s Custodial Account shall (i) be segregated from the assets held by Coinbase Custody as principal and the assets of other customers of Coinbase Custody, (ii) not be treated as general assets of Coinbase Custody, and except as otherwise provided herein, Coinbase Custody shall have no right, title or interest in such Digital Assets, (iii) constitute custodial assets and Client’s property. In addition, Coinbase Custody shall maintain adequate capital and reserves to the extent required by applicable law and shall not, directly or indirectly, lend, pledge, hypothecate or re-hypothecate any Digital Assets in the Custodial Account.

2. Custodial Account.

2.1 *In General.* The Custodial Services shall permit the Client (i) to hold its Vault Balance in its Custodial Account and transfer Digital Assets to and from its Trading Balance, (ii) to deposit supported Digital Assets from a public blockchain address controlled by Client into its Custodial Account, (iii) withdraw supported Digital Assets from its Custodial Account to a public blockchain address controlled by Client and (iv) certain additional services as may be agreed to between the Client and Coinbase Custody from time to time. Each such deposit or withdrawal shall be referred to as a “Custody Transaction” and shall conform to Instructions provided by Client through the Coinbase Prime Broker Site. Client shall only withdraw or deposit Digital Assets to public blockchain addresses and accounts owned by Client or an address for which Client has conducted the necessary Know Your Customer (“KYC”) and anti-money laundering (“AML”) due diligence. Digital Assets shall be held in Client’s Custodial Account in accordance with the terms of this Custody Agreement and shall not be commingled with other clients’ Digital Assets. **Coinbase Custody reserves the right to refuse to process or to cancel any pending Custody Transaction to comply with applicable law or in response to a subpoena, court order or other binding government order, or to enforce transaction, threshold and condition limits, or if Coinbase Custody reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or rule of a governmental authority or self-regulatory organization.**

2.2 *Digital Asset Deposits and Withdrawals.* Coinbase Custody will process supported Digital Asset Custody Transaction according to the Instruction received from Client or Client’s Authorized Representatives, and Coinbase Custody does not guarantee the identity of any user, receiver, requestee or other party. Client must verify all deposit and withdrawal information prior to submitting Instructions to Coinbase Custody regarding a Custody Transaction. Coinbase Custody shall have no liability, obligation, or responsibility whatsoever for Client Digital Asset transfers sent to or received from a wrong party or sent or received with inaccurate Instructions. Coinbase Custody reserves the right to charge network fees (including miner fees) to process a Custody Transaction on Client’s behalf. Coinbase Custody will calculate the network fee, if any, in its sole and absolute discretion, although Coinbase Custody will always notify Client of the network fee at or before the time Client authorizes the Custody Transaction. Coinbase Custody reserves the right to delay any Custody Transaction if it perceives a risk of fraud or illegal activity.

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2.3 *Digital Asset Storage and Transmission Delays.* Coinbase Custody requires up to twenty-four (24) hours between any request to withdraw Digital Assets from Client’s Custodial Account and submission of Client’s withdrawal to the applicable Digital Asset network. Since Coinbase Custody securely stores all Digital Asset private keys in offline storage, it may be necessary to retrieve certain information from offline storage in order to facilitate a withdrawal in accordance with Client’s Instructions, which may delay the initiation or crediting of such withdrawal. Client acknowledges and agrees that a Custody Transaction may be delayed, and that Digital Assets shall not be deposited or withdrawn upon less than twenty-four (24) hours’ notice initiated from Client’s Custodial Account. The time of such request shall be the time such notice is transmitted from Client’s Custodial Account. Coinbase Custody makes no representations or warranties with respect to the availability and/or accessibility of (1) the Digital Assets, (2) a Custody Transaction, (3) the Custodial Account, or (4) the Custodial Services. While Coinbase Custody will make reasonable efforts to process Client initiated deposits in a timely manner, Coinbase Custody makes no representations or warranties regarding the amount of time needed to complete processing as such processing is dependent upon many factors outside of Coinbase Custody’s control.

2.4 *Supported Digital Assets.* The Custodial Services are available only in connection with those Digital Assets that Coinbase Custody, in its sole discretion, decides to support, which may change from time to time. Prior to initiating a deposit of Digital Asset to Coinbase Custody, Client must confirm that Coinbase Custody offers Custodial Services for that specific Digital Asset. By initiating a deposit of any Digital Asset to a Custodial Account, Client attests that Client has confirmed that the Digital Asset being transferred is a supported Digital Asset offered by Coinbase Custody. Under no circumstances should Client attempt to use the Custodial Services to deposit or store Digital Assets in any forms that are not supported by Coinbase Custody. Depositing or attempting to deposit Digital Assets that are not supported by Coinbase Custody may result in such Digital Asset being irretrievable by Client and Coinbase Custody. Client shall be fully responsible and liable, and Coinbase Custody shall have no liability, obligation, or responsibility whatsoever, regarding any unsupported Digital Asset sent or attempted to be sent to it, or regarding any attempt to use the Custodial Services for Digital Assets that Coinbase Custody does not support. Digital Assets supported by Coinbase Custody shall be listed on the Coinbase Prime Broker Site. Coinbase Custody recommends that Client deposit a small amount of supported Digital Asset as a test prior to initiating a deposit of a significant amount of supported Digital Asset. Coinbase Custody shall provide Client with thirty (30) days’ written notice before ceasing to support a Digital Asset, unless Coinbase Custody is required to cease such support by court order, statute, law, rule (including a self-regulatory organization rule), regulation, code, or other similar requirement.

2.5 *Use of the Custodial Services.* Client acknowledges and agrees that Coinbase Custody may monitor use of the Custodial Account and the Custodial Services and the resulting information may be utilized, reviewed, retained and or disclosed by Coinbase Custody for its internal purposes or in accordance with the rules of any applicable legal, regulatory or self-regulatory organization or as otherwise may be required to comply with relevant law, sanctions programs, legal process or government request.

2.6 *Independent Verification.* If Client is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940, Coinbase Custody shall, upon written request, provide Client’s authorized independent public accountant confirmation of or access to information sufficient to confirm (i) Client’s Digital Assets as of the date of an examination conducted pursuant to Rule 206(4)-2(a)(4), and (ii) Client’s Digital Assets are held either in a separate account under Client’s name or in accounts under Client’s name as agent or trustee for Client’s clients.

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2.7 *Third Party Payments.* The Custodial Services are not intended to facilitate third party payments of any kind. As such, Coinbase Custody has no control over, or liability for, the delivery, quality, safety, legality or any other aspect of any goods or services that Client may purchase or sell to or from a third party (including other users of Custodial Services) involving Digital Assets that Client intends to store, or have stored, in Client’s Custodial Account.

2.8 *Termination, and Cancellation.* If Coinbase Custody closes Client’s Custodial Account or terminates Client’s use of the Custodial Services, Client will be permitted to

withdraw Digital Assets associated with Client's Custodial Account for a period of up to ninety (90) days following the date of deactivation or cancellation to the extent not prohibited (i) under applicable law, including applicable sanctions programs, or (ii) by a facially valid subpoena, court order, or binding order of a government authority.

3. Coinbase Custody Obligations

- 3.1 *Bookkeeping.* Coinbase Custody shall keep timely and accurate records as to the deposit, disbursement, investment and reinvestment of the Digital Assets, as required by applicable law and in accordance with Coinbase Custody's internal document retention policies.
- 3.2 *Insurance.* Coinbase Custody shall obtain and maintain, at its sole expense, insurance coverage in such types and amounts as shall be commercially reasonable for the Custodial Services provided hereunder.

4. Additional Matters

In addition to any additional service providers that may be described in an addendum or attachment hereto, Client acknowledges and agrees that the Custodial Services may be provided from time to time by, through or with the assistance of affiliates of, or vendors to, Coinbase Custody. Client shall receive notice of any material change in the entities that provide the Custodial Services.

[Remainder of page intentionally left blank]

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EXHIBIT B to the Coinbase Prime Broker Agreement

COINBASE MASTER TRADING AGREEMENT

Client should carefully consider whether trading or holding Digital Assets is suitable for its purpose, including in relation to Client's knowledge of Digital Assets and Digital Asset markets and Client's financial condition. All investments involve risk, and the past performance of a financial product does not guarantee future results or returns.

This Master Trading Agreement ("MTA") sets forth the terms and conditions for clients to trade Digital Assets through the Coinbase prime broker execution platform ("Trading Platform") and forms a part of the Coinbase Prime Broker Agreement between Client and the Coinbase Entities. Pursuant to this MTA, Coinbase shall open a Trading Account for the Client on the Trading Platform consisting of linked accounts at Coinbase and Coinbase Custody, each accessible via the Trading Platform ("Trading Account"). The Trading Platform shall provide Client with access to trade execution and automated trade routing services and Coinbase Execution Services (as defined below) to enable Clients to submit orders ("Orders") to purchase and sell specified Digital Assets in accordance with this MTA and the Coinbase Trading Rules set forth at https://www.coinbase.com/legal/trading_rules or a successor website (as amended and updated from time to time, the "Coinbase Trading Rules") (such services, the "Trading Services"). Capitalized terms used in this MTA that are not defined herein shall have the meanings assigned to them in the other parts of the Coinbase Prime Broker Agreement.

1. Order Routing and Connected Trading Venue

- 1.1 The Trading Platform operates a trade execution service through which Client may submit Orders to purchase or sell Digital Assets. After Client submits an Order, the Trading Platform will automatically route the Order (or a portion of the Order) to one of the trading venues to which the Trading Platform has established connections (each such venue, a "Connected Trading Venue"). Each Order will be sent, processed and settled at each Connected Trading Venue to which it is routed. Once an Order to purchase Digital Assets has been placed, the associated Client Assets (as defined below) used to fund the Order will be placed on hold and will generally not be eligible for other use or withdrawal.
- 1.2 With each Connected Trading Venue, Coinbase shall establish an account in its name, or in its name for the benefit of clients, to trade on behalf of its clients, and the establishment of a Trading Account will not cause Client to have a direct legal relationship, or account with, any Connected Trading Venue. The Trading Platform will not intentionally match the buy and sell orders of its clients against each other and will not intentionally settle Orders against or otherwise trade with Coinbase's principal funds. Client acknowledges that Coinbase and its other clients may trade in their own interests on the Connected Trading Venues and could, therefore, be the counterparty to a Client Order on a Connected Trading Venue.
- 1.3 Client acknowledges that Coinbase has sole discretion to determine the Connected Trading Venues with which it will establish connections. Coinbase will direct Orders to the Connected Trading Venues on an automated basis and generally will not manually route orders. In designing algorithms that determine an Order's routing logic, Coinbase considers a variety of factors relating to the Order and the Connected Trading Venues, including the speed of execution, whether the venue is able to consummate off-chain transactions, the availability of efficient and reliable systems, the level of service provided, and the cost of executing orders. Coinbase may receive cash payments or other financial incentives (such as reciprocal business arrangements) from Connected Trading Venues.

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- 1.4 Coinbase makes no representation or warranty of any kind regarding any Connected Trading Venue, including as to its financial condition, data, security or quality of its execution services, and shall have no liability, obligation, or responsibility whatsoever for the selection or performance of any Connected Trading Venue. Digital Assets may trade at different prices on different trading venues, and other Connected Trading Venues and/or trading venues not used by Coinbase may offer better prices and/or lower costs than the Connected Trading Venue used to execute Client's Order.
- 1.5 Coinbase acts in an agency capacity for purposes of certain Orders, and may also act in a principal capacity for certain other Orders, as specified in the Coinbase Trading Rules. In the Request For Quotation ("RFQ") service, Coinbase may act as principal to fill Orders by providing indicative firm pricing in accordance with a variety of market factors, at its sole discretion. Each Client should independently evaluate whether such services are appropriate given its own investing profile and sophistication, among other considerations.

2. Client Trading Balance and Vault Balance

- 2.1 For purposes of this MTA, Client's Digital Assets are referred to as "Client Digital Assets," Client's cash is referred to as "Client Cash," and Client Digital Assets and Client Cash are together referred to as "Client Assets."
- 2.2 Within the Trading Platform, Coinbase provides access to two types of accounts with balances relating to Client Assets: (1) the "Trading Balance" (as described below in Section 2.3) and (2) the "Vault Balance" (as described below in Section 2.5). The Trading Account provides a record of both the Trading Balance and the Vault Balance. Client determines the allocation of its Client Digital Assets between the Trading Balance and the Vault Balance. Maintenance of the Vault Balance shall be subject to the terms of the Custody Agreement; provided, however, Client's Trading Balance is separate from any Digital Assets Client maintains directly with Coinbase Custody.
- 2.3 Client Digital Assets credited to the Trading Balance are immediately available to Client for purposes of submitting an Order. Coinbase holds Digital Assets credited to the

Trading Balance in one of three ways: (i) in omnibus hot wallets (each, an “Omnibus Hot Wallet”); (ii) in omnibus cold wallets (each, an “Omnibus Cold Wallet”); and (iii) in Coinbase’s accounts with the Connected Trading Venues (“Coinbase Connected Trading Venue Digital Asset Balance”). Client agrees that Coinbase has sole discretion in determining the allocation of Digital Assets credited to the Trading Balance. Because Digital Assets credited to the Trading Balance are held on an omnibus basis and because of the nature of certain Digital Assets, Client does not have an identifiable claim to any particular Digital Asset. Instead, Client’s Trading Balance represents an entitlement to a *pro rata* share of the Digital Assets Coinbase has allocated to the Omnibus Hot Wallets, Omnibus Cold Wallets and Coinbase Connected Trading Venue Digital Asset Balance. Coinbase relies on the Connected Trading Venues for the Coinbase Connected Trading Venue Digital Asset Balance, and Client has no contractual relationship with the Connected Trading Venues with respect to Digital Assets credited to the Trading Balance.

- 2.4 Client may maintain Client Cash in the Trading Balance but not in the Vault Balance. Coinbase holds Client Cash credited to the Trading Balance in one of two ways: (i) in one or more omnibus accounts in Coinbase’s name for the benefit of customers at one or more U.S. insured depository institutions (each, an “FBO account”) and (ii) in Coinbase’s omnibus accounts at Connected Trading Venues. Coinbase will title the FBO accounts it maintains with U.S. depository institutions and maintain records of Client’s interest in a manner designed to enable receipt of Federal Deposit Insurance Corporation (“FDIC”) deposit insurance, where applicable and up to the deposit insurance limits applicable under FDIC regulations and guidance, on Client Cash for the Client’s benefit on a pass-through basis. Coinbase does not guarantee that pass-through FDIC deposit insurance will apply to Client Cash, since such insurance is dependent in part on compliance of the depository institutions. Coinbase may also title its accounts at some or all Connected Trading Venues and maintain records of Client interests in those accounts in a manner consistent with FDIC requirements for pass-through deposit insurance, but availability of pass-through deposit insurance, up to the deposit insurance limits applicable under FDIC regulations and guidance, is also dependent on the actions of the Connected Trading Venues and any depository institutions they use, which may not be structured to provide pass-through deposit insurance. FDIC insurance applies to cash deposits at banks and other insured depository institutions in the event of a failure of that institution, and does not apply to any Coinbase Entity or to any Digital Asset held by a Coinbase Entity on Client’s behalf. Client Cash is immediately available to Client for purposes of submitting an Order, unless a restriction applies.

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- 2.5 At Client’s election, all or a portion of Client Digital Assets may also be allocated to the Vault Balance which is held in a Custodial Account in Client’s name at Coinbase Custody pursuant to the Custody Agreement. Such Vault Balance will be divided between segregated hot storage in Client’s name (“Hot Vault Balance”) and segregated cold storage in Client’s name (“Cold Vault Balance”). Client shall have sole discretion to allocate Digital Assets between the Hot Vault Balance and Cold Vault Balance. Digital Assets in the Hot Vault Balance may be transferred immediately to Client’s Trading Balance unless a restriction applies. A transfer of Digital Assets in the Cold Vault Balance to Client’s Trading Balance will be subject to Coinbase Custody’s standard cold storage withdrawal procedures. Client hereby appoints Coinbase as Client’s agent for purposes of instructing Coinbase Custody to transfer Client Digital Assets between Client’s Vault Balance and Client’s Trading Balance. Client agrees that an Instruction to Coinbase to settle an Order to or from Client’s Vault Balance constitutes authorization to Coinbase to transfer Client Digital Assets to or from Client’s Vault Balance as necessary or appropriate to consummate such settlement.

- 2.6 In all circumstances and consistent with laws and regulations applicable to Coinbase, Coinbase will keep an internal ledger that specifies the Client Assets credited to Client’s Trading Balance and enables Coinbase and its auditors and regulators to identify Client and the Client Assets.

- 2.7 Coinbase treats all Client Assets as custodial assets held for the benefit of Client. No Client Assets credited to the Trading Balance shall be considered to be the property of, or loaned to, Coinbase, except as provided in any loan agreement between Client and any Coinbase Entity. Neither Coinbase nor any Coinbase Entity will sell, transfer, loan, rehypothecate or otherwise alienate Client’s Assets credited to Client’s Trading Balance unless instructed by Client pursuant to an agreement between Client and a Coinbase Entity.

3. **Role of Coinbase Custody**

- 3.1 To facilitate the Trading Services, Coinbase may at its sole discretion maintain portions of the Omnibus Hot Wallet and the Omnibus Cold Wallet in one or more custodial FBO accounts with its affiliate, Coinbase Custody. In such circumstances, although the Omnibus Hot Wallet and the Omnibus Cold Wallet are held in Coinbase’s FBO accounts with Coinbase Custody, Client’s legal relationship for purposes of Digital Assets held in the Omnibus Hot Wallet and the Omnibus Cold Wallet will not be, directly or indirectly, with Coinbase Custody and the terms, conditions and agreements relating to those wallets are to be governed by this MTA.
- 3.2 Client Digital Assets held in the Hot Vault Balance and Cold Vault Balance are maintained directly between Client and Coinbase Custody in Client’s name and are subject to the terms of the Client’s Custody Agreement.

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4. **Cash and Digital Asset Deposits and Withdrawals**

- 4.1 To deposit Client Cash, Client must initiate a transfer from a linked bank account, a wire transfer, a SWIFT transfer, a Silvergate Exchange Network deposit or other form of electronic payment approved by Coinbase from time to time to Coinbase’s bank account, the instructions for which are available on the Coinbase Prime Broker Site. Coinbase will credit the Trading Balance with Client Cash once the associated cash is delivered to Coinbase.
- 4.2 To withdraw Client Cash, Client may also initiate a withdrawal of Client Cash from the Trading Balance at any time using the withdrawal function on the Trading Platform.
- 4.3 To deposit Client Digital Assets, Clients may transfer Client Digital Assets directly to the Omnibus Hot Wallet or Omnibus Cold Wallet, the instructions for which are available on the Coinbase Prime Broker Site. Client may transfer funds to and among its Hot Vault Balance or Cold Vault Balance. When Client transfers Digital Assets to Coinbase or Coinbase Custody, it delivers custody and control of the Digital Assets to Coinbase, Coinbase Custody or Coinbase’s designee, as applicable. Client represents and warrants that any Digital Asset so transferred shall be free and clear of all liens, claims and encumbrances.
- 4.4 To withdraw Client Digital Assets, Client must provide applicable Instructions via the Coinbase Prime Broker Site (“Withdrawal Transfer”). Once Client has initiated a Withdrawal Transfer, the associated Client Digital Assets will be in a pending state and will not be included in the Client’s Trading Balance or Vault Balance. Client acknowledges that Coinbase may not be able to reverse a Withdrawal Transfer once initiated. Client may withdraw Client Digital Assets at any time, subject to delays for Digital Assets held in Cold Vault Balance, and any applicable account restrictions.
- 4.5 Client must verify all transaction information prior to submitting withdrawal Instructions to Coinbase, as Coinbase cannot and does not guarantee the identity of the wallet owner or bank account to which Client is sending Client Digital Assets or Client Cash, as applicable. Coinbase shall have no liability, obligation, or responsibility whatsoever for Client Cash or Client Digital Asset transfers sent to or received from an incorrect party or sent or received via inaccurate Instructions.

5. **Disruption to Trading Platform**

- 5.1 Client acknowledges that electronic facilities and systems such as the Trading Platform are vulnerable to disruption, delay or failure and, consequently, such facilities and systems may be unavailable to Client as a result of foreseeable and unforeseeable events. Client understands and agrees that Coinbase does not guarantee uninterrupted access to the Trading Platform or all features of the Trading Services. Client acknowledges that although Coinbase will attempt to provide notice of any scheduled or unscheduled unavailability that would result in Client being unable to access the Trading Platform or the Trading Services, Coinbase cannot guarantee advanced notice to Client.

5.2 Coinbase may, in its sole discretion, take any of the following actions, and in the case of clause (i), shall use reasonable efforts to provide Client with as much prior notice as is practicable: (i) halt or suspend Trading Services, including trading on the Trading Platform or the trading of any Digital Assets or currency, or (ii) impose limits on the amount or size of Client's Orders. Coinbase shall have no liability, obligation, or responsibility to Client as a result of making any changes to or suspending the Trading Platform.

6. Coinbase Trading Rules and Order Types

- 6.1 Client agrees to comply with the Coinbase Trading Rules in effect at the time of any Order. Client agrees to review and become familiar with the terms of the various types of Orders (each an "Order Type") available through the Trading Service. A detailed description of the terms of all Orders is contained in the Coinbase Trading Rules. Coinbase reserves the right to modify the terms of any Order Type and the Coinbase Trading Rules at any time and without prior notice to Client, and Client acknowledges that it is solely responsible for ensuring knowledge of applicable Order Types and Coinbase Trading Rules prior to placing an Order.
- 6.2 Coinbase may modify the terms of, or cancel, any Order executed on Trading Platform if Coinbase determines in its sole reasonable discretion that the Order was clearly erroneous according to the Coinbase Trading Rules. Coinbase shall have no liability, obligation, or responsibility to Client as a result of exercising its rights under this Section 6.

7. Coinbase Supported Digital Assets

Coinbase determines in its sole discretion which Digital Assets to support for use with the Trading Services, as specified on the Coinbase Prime Broker Site. Not all Digital Assets supported for Custodial Services are also supported for Trading Services.

8. Coinbase Execution Services

- 8.1 At Coinbase's sole discretion, Client may elect to submit Orders to Coinbase Execution Services ("CES"), a Trading Service through which CES personnel will execute Orders on behalf of Client. CES will execute Orders by using automated trade routing services through Client's Prime Broker Account or by filling Orders on Coinbase's over-the-counter ("OTC") trading service ("OTC Services"). Coinbase has sole and absolute discretion to accept or reject any Order. Coinbase and Client may communicate regarding Instructions related to Orders on a mutually agreed communication medium, including instant messaging, email, and telephone.
- 8.2 CES brokers Orders on a commercially reasonable basis as Client's agent and may exercise discretion in executing Orders. Client must pre-fund its Trading Balance and/or establish a credit arrangement with Coinbase prior to submitting Orders. By electing to use CES, Client agrees that it is authorizing CES personnel to access its Prime Broker Account to initiate and execute Orders. Client acknowledges that CES personnel will retain access to the Client Prime Broker Account until Client provides Coinbase with Instructions to terminate such access. Absent express written agreement between the Parties, Coinbase will accept Orders only from Authorized Representatives that are designated in the Client's Prime Broker Account as having trading authority with respect to the Prime Broker Account.
- 8.3 For OTC Services, CES personnel will confirm the terms of an Order (which terms shall include asset, quantity, price, settlement timing and fees) with Client prior to executing the Order. Coinbase has policies and procedures in place that are reasonably designed to prevent the disclosure of any Client identity to its OTC counterparty. Coinbase may, in its sole and absolute discretion, accept the following statements (or similar or analogous statements) as Client's final and binding agreement to the terms of an Order: "done," "I buy," "bought," "I sell," or "sold." A completed, executed and settled Order will be reflected in Client's Prime Broker Account.

- 8.4 For Orders fulfilled via OTC Services ("OTC Orders"), each of Client's and its OTC counterparty's confirmations of the terms of the OTC Order deems such OTC Order as binding and final, and thereby executed. Client's failure to timely settle an executed OTC Order in accordance with the settlement terms will constitute a default under the Coinbase Prime Brokerage Agreement. Upon Client's default of an OTC Order:
- (a) In addition to all rights under this Coinbase Prime Broker Agreement, Coinbase may exercise any rights of a secured creditor with respect to its interests in Client's assets, and may exercise all other rights under agreements between Client and any of the Coinbase Entities. The Coinbase Entities agree that they will exercise their secured creditor rights, including rights to setoff under Section 17 of the General Terms, with respect to Client's Trading Balance before exercising their secured creditor rights with respect to the Vault Balance in the Client's Custodial Account.
 - (b) Client hereby grants to Coinbase a continuing first priority security interest in, lien on and right of set off against all of Client's right, title and interest, whether now owned or existing or hereafter acquired or arising, in Client's Trading Balance and Vault Balance in the Client's Custodial Account together with proceeds thereof, in order to secure repayment of costs, fees, and all other obligations of Client to Coinbase arising hereunder from time to time. Client shall execute such documents and take such other actions as Coinbase shall reasonably request in order to perfect and maintain the priority of the Coinbase's security interest with respect to Client's Trading Balance and Vault Balance in Client's Custodial Account.
 - (c) Client hereby authorizes Coinbase Custody, as securities intermediary with respect to the Custodial Account, to comply with all instructions and entitlement orders from Coinbase, as secured party, with respect to the disposition of assets in Client's Vault Balance in the Custodial Account as contemplated herein without further consent or direction from Client or any other party. Coinbase Custody agrees to follow such instructions and entitlement orders without further consent or direction from Client or any other party.
 - (d) Without prior notice to Client, Coinbase shall have the right to: (i) transfer Client Assets from Client's Trading Balance to Coinbase to settle the OTC Order subject to default, and/or (ii) liquidate or cancel outstanding OTC Orders (including OTC Orders that have been submitted or are in the process of being fulfilled).
 - (e) Without prior notice to Client, Coinbase may suspend or terminate the Client's ability to receive extensions of credit from Coinbase Credit, regardless of whether Client has cured the default.

If the above actions are not sufficient to satisfy all obligations of Client to Coinbase in respect of OTC Orders subject to default, Coinbase shall have the right to liquidate any and all of Client's assets and positions held with Coinbase or Coinbase Custody, including the Trading Balance and Vault Balance in Client's Custodial Account, to cover any Losses incurred by Client's failure to settle the OTC Order. In connection with liquidating such assets, Client authorizes Coinbase, in Coinbase's sole discretion, to liquidate any of Client's Digital Assets in a commercially reasonable sale at the market price that otherwise applies to such Digital Assets at the time of liquidation, without regard to whether Client would recognize a gain or loss on such sale or would recognize a greater or lesser gain or loss if different Digital Assets were sold. Client understands that the value of Digital Assets may rise or fall quickly, and Coinbase has no obligation to liquidate Client's Digital Assets at a time that provides the best price for Client. Client agrees that Digital Assets held in its Trading Balance and the Vault Balance in Client's Custodial Account are of a kind or type customarily sold on recognized markets, subject to standard price quotations and may decline speedily in value. Client agrees that if Coinbase exercises its setoff rights or secured party remedies against Client's Digital Assets, that Coinbase may value such Digital Assets using the same valuation method and same process that is otherwise used when Digital Assets are sold on the Trading Platform or any other commercially reasonable valuation method. A sale by Coinbase of Client's Digital Assets, without notice, at a private sale using the valuation and method described above shall be a commercially reasonable method of disposition.

9. Determination of Suitability; All Risks Not Disclosed

Coinbase's provision of the Trading Services is neither a recommendation that Client enter into a particular Order nor a representation that any product described on the Trading Platform is suitable or appropriate for Client. Many of the Trading Services described on Trading Platform involve significant risks, and Client should not use the Trading Services unless it has fully understood all such risks and has independently determined that such Orders are appropriate. Any discussion of the risks contained in this MTA or on the Trading Platform should not be considered to be a disclosure of all risks or a complete discussion of the applicable risks.

10. Characterization of Trading Services; Not a Registered Broker-Dealer or Investment Adviser

Client understands and acknowledges that no transactions executed in connection with Client's Trading Account or the Trading Services are securities transactions, and Coinbase is not registered with the U.S. Securities and Exchange Commission as a broker-dealer or an investment adviser or licensed under any state securities laws. Coinbase is not acting as a fiduciary in respect of Client (including in connection with its rights under this MTA) and does not have any responsibility under the standards governing the conduct of broker-dealers, fiduciaries, investment advisers or investment managers. Client agrees and acknowledges that any information or advice provided by Coinbase or any other Coinbase Entity does not and will not serve as the basis of any investment decision by Client.

11. Coinbase Corporate Accounts

Coinbase and its affiliates may transact through Trading Accounts on the Trading Platform ("Coinbase Corporate Accounts") for purposes including inventory management, to facilitate Client Orders, and for other corporate purposes. To the extent that a Coinbase Corporate Account transacts on the Trading Platform, the Coinbase Corporate Account (i) will not have any special priority vis-a-vis Client Orders and will be subject to the Coinbase Trading Rules, (ii) will trade only on Market Data available to all Clients, and (iii) will not access any non-public data of other Clients. Coinbase's internal ledger will indicate the amount of each Digital Asset held for each client and each such Coinbase Corporate Account.

12. Term, Termination and Suspension

- 12.1 Regardless of any other provision of this MTA, Coinbase may, in its sole discretion, suspend, restrict or terminate the Client's Trading Services, including by suspending, restricting or closing the Client's Trading Account, in accordance with the General Terms.
- 12.2 If Client is subject to termination, Client agrees to transfer any Client Assets off the Trading Platform within thirty (30) days of receipt of the termination notice unless such transfer is otherwise prohibited (i) under applicable law, including any sanctions programs, or (ii) by a facially valid subpoena or court order. Client agrees to promptly provide Coinbase with Instructions as to where its Client Assets should be transferred, and agrees that failure to do so within thirty (30) days of receipt of notice of termination may result in Client Assets being transferred to the Client's linked bank account or Digital Asset wallet on file, in each case subject to off-set for any outstanding obligations to any Coinbase Entity in accordance with the General Terms. Final disbursement of assets may be delayed until any remaining obligations or indebtedness have been satisfied. Client is responsible for all debits, costs, commissions, and losses arising from any actions Coinbase must take to liquidate or close transactions in the Client's Trading Account.

13. Unclaimed Property

If Coinbase is holding Client Assets in the Trading Balance, has no record of Client's use of the Trading Services for an extended period, and is otherwise unable to contact Client, Coinbase may be required under applicable laws, rules or regulations to report these assets as unclaimed property and to deliver such unclaimed property to the applicable authority. Coinbase may deduct a dormancy fee or other administrative charge from such unclaimed funds, as permitted by applicable laws, rules or regulations.

COINBASE PRIME FEE SCHEDULE

This Fee Schedule is effective (the “Effective Date”) upon execution of the Coinbase Prime Broker Agreement between the Coinbase Entities and Client, and sets forth the fees associated with the Prime Broker Services. All capitalized terms not defined in this Fee Schedule shall have the meaning given to them in the Coinbase Prime Broker Agreement.

This Fee Schedule is subject to modification from time to time, and Coinbase reserves the right to modify the fees at its discretion at any time with prior notice to Client, and Client acknowledges that it is solely responsible for ensuring knowledge of applicable fees prior to use of the Prime Broker Services.

TRADING ACCOUNT FEES

The Trading Account and associated fees relate to trading services provided by Coinbase, Inc.

For each executed Order, fees are assessed at the time Client places its Order and may be determined by a combination of factors including the size of the Order, Client’s historic trading volume and assets under custody in the Custodial Account, and market conditions such as volatility and liquidity. Coinbase provides the estimated applicable fees in the Order submission preview screen, and notifies Client of the actual applicable fees in the Order Confirmation. The fees include Coinbase’s commission and the actual transaction fees associated with the Order.

CUSTODIAL ACCOUNT FEES

The Custodial Account or Coinbase Inc. Custodial Account and associated fees relate to custody services provided by Coinbase Custody Trust Company, LLC or Coinbase Inc., respectively.

On a monthly basis, Client shall pay a “Storage Fee” associated with its Vault Balance that shall be the greater of (1) the Custodial Service Fee (as defined below), or (2) the annual minimum charge of \$2,400 per year (invoiced on a monthly basis).

The “Custodial Service Fee” will be the Monthly Average AUC¹ multiplied by the Custodial Billing Rate.² The Custodial Service Fee is a tiered, annualized fee. See *Notes* below for further details.

Notes

1. “Monthly Average AUC” shall equal the USD denominated sum of Client’s Daily AUC (as defined below) for each calendar day of the billing month, for each Digital Asset on deposit in the Custodial Account or Coinbase Inc. Custodial Account, as applicable, divided by number of calendar days in the billing month.
2. The “Custodial Billing Rate” is defined as the proportion of total calendar days in the billing month to total calendar days in the billing year multiplied by the

Annualized Custodial Service Fee (as defined below).

3. With respect to each Digital Asset on deposit in the Custodial Account or Coinbase Inc. Custodial Account, as applicable, the “Client’s Daily AUC” shall equal the daily Digital Asset price for such Digital Asset as listed on Coinbase Pro multiplied by Client’s daily Digital Asset Vault Balance for such Digital Asset on deposit in the Custodial Account or Coinbase Inc. Custodial Account, as applicable, as of 4PM ET.
4. The “Annualized Custodial Service Fee” is applied on a marginal basis and shall equal the sum of each Monthly Average AUC tier multiplied by the associated rate tier. For example, if a client had a Monthly Average AUC of \$1.5M, the client would have an Annualized Custodial Service Fee that would equal: (\$999,999.99 at rate tier 1) + (\$500,000 at rate tier 2):

Monthly Average AUC	Rate Tier (in basis points)
Less than \$1M	50
Next \$1M to \$10M	50
Next \$10M to \$25M	50
Next \$25M to \$50M	50
Next \$50M to \$100M	50
Next \$100M to \$250M	50
Next \$250M to \$500M	50
Next \$500M to \$1B	50
Next \$1B to \$2B	50
Next \$2B to \$3B	50

Amounts over \$3B	50
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5. Payment terms: Client shall pay the initial Storage Fee on the earlier of: (i) the first date that Client's Digital Asset balance on deposit in the Custodial Account or Coinbase Inc. Custodial Account, as applicable, is equal to USD \$50,000 notional; or (ii) three months from the Effective Date.

Coinbase will invoice Client for all Fees on a monthly basis and Client shall pay all amounts to Coinbase within 15 days of Client's receipt of an invoice for such Fee. Client will pay any amounts owed hereunder in the form and manner selected by Client and approved by Coinbase, and according to any additional terms found on the Coinbase Prime Broker Site or the Coinbase Prime Broker Agreement, including but not limited to transfer of cryptocurrency to an address designated by Coinbase, as a debit from Client's Prime Broker Account.

6. Implementation fee: Coinbase Custody is pleased to waive the implementation fee.

The terms and pricing terms set forth herein are confidential and shall not be shared with any third parties without the prior written approval of Coinbase.

