

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

FORM 10-K

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

For the fiscal year ended July 31, 2023

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

Commission File Number: 001-38876

ATIF Holdings Limited

(Exact name of registrant as specified in its charter)

British Virgin Islands

(State or Other Jurisdiction of
Incorporation or Organization)

Not Applicable

(I.R.S. Employer
Identification Number)

25391 Commercentre Dr., Ste 200, Lake Forest, CA

(Address of principal executive offices)

92630

(Zip Code)

308-888-8888

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ordinary Shares	ATIF	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: **None**

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the registrant was approximately \$11,159,352 as of January 31, 2023, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of the registrant's ordinary shares on such date of \$2.56 per share, as reported on the Nasdaq Capital Market.

As of November 13, 2023, the registrant had 9,627,452 ordinary shares outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and the information incorporated by reference herein and therein may contain “forward-looking statements” within the meaning of, and intended to qualify for the safe harbor from liability established by, the United States Private Securities Litigation Reform Act of 1995. These statements are based on our management’s beliefs and assumptions and on information currently available to us. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding future events, which may or may not occur. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, you can identify these forward-looking statements by words or phrases such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” “would,” or similar expressions, including their negatives. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include:

- any changes in the laws of the PRC or local province that may affect our operation;
- future financial and operating results, including revenues, income, expenditures, cash balances and other financial items;
- our ability to execute our growth and expansion, including our ability to meet our goals;
- current and future economic and political conditions;
- inflation and fluctuations in foreign currency exchange rates;
- our ability to compete in an industry with low barriers to entry;
- our capital requirements and our ability to raise any additional financing which we may require;
- our ability to attract new clients, and further enhance our brand recognition;
- our ability to hire and retain qualified management personnel and key employees in order to enable us to develop our business;
- our on-going ability to obtain all mandatory and voluntary government and other industry certifications, approvals, and/or licenses to conduct our business;
- our ability to maintain effective internal control over financial reporting;
- trends and competition in the financial consulting services industry; and
- other assumptions described in this annual report underlying or relating to any forward-looking statements.

You should thoroughly read this annual report and the documents that we refer to in this annual report with the understanding that our actual results in the future may be materially different from or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this annual report include additional factors which could adversely affect our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which these statements are made in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this annual report. You should not rely upon forward-looking statements as predictions of future events.

USE OF CERTAIN DEFINED TERMS

All references to “We,” “us,” “our,” or “Company” are to ATIF Holdings Limited (“ATIF”), a British Virgin Islands business company, and its Affiliated Entities (defined below), as the case may be. Neither ATIF nor any of its Affiliated Entities are in any way or manner related to or associated with a digital publishing company incorporated and registered in Hong Kong, Asia Times Holdings Limited. ATIF is a holding company for its operating subsidiaries. We currently do not, and we do not plan to use variable interest entities to execute our business plan or to conduct our China-based operations.

Unless the context otherwise requires, in this annual report on Form 10-K references to:

- “Affiliated Entities” are to our operating subsidiaries;
- “ATIF HK” means ATIF Limited, a Hong Kong corporation and a wholly-owned subsidiary of ATIF;
- “ATIF USA” means ATIF Inc., a California corporation and a wholly-owned subsidiary of ATIF;
- “ATIF LP” means ATIF-1, LP, a Delaware limited partnership;
- “AT Consulting Center” are to Asia Era International Financial Consulting Center;
- “BVI” are to the “British Virgin Islands”;
- “China” or the “PRC” are to the People’s Republic of China, excluding Taiwan and the special administrative regions of Hong Kong and Macau for the purposes of this annual report only;
- “CNNM” are to www.chinacnm.com, a news and media platform owned and operated by ATIF HK;
- “Exchange Act” are to the Securities Exchange Act of 1934, as amended;
- “Huaya” are to Huaya Consultant (Shenzhen) Co., Ltd., a limited liability company organized under the laws of the PRC, a wholly owned subsidiary of ATIF;
- “initial public offering” or “IPO” are to our initial public offering of Ordinary Shares at \$5.00 per Unit which closed in April 29, 2019;
- “LGC” are to Leaping Group Co., Ltd. a limited liability organized under the laws of Cayman Islands;
- “preferred shares,” or “Preferred Shares” are to the Class A preferred shares of the Company, par value \$0.001 per share;
- “RMB” and “Renminbi” are to the legal currency of the PRC;
- “SEC” are to the Securities and Exchange Commission;
- “Securities Act” are to the Securities Act of 1933, as amended;
- “shares,” “Shares,” or “Ordinary Shares” are to the Ordinary Shares of the Company, par value \$0.001 per share; and
- “U.S. dollars” and “\$” are to the legal currency of the United States.

Discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

This annual report on Form 10-K includes our audited consolidated financial statements for the fiscal years ended July 31, 2023 and 2022.

This annual report contains translations of certain Renminbi (“RMB”) and Hong Kong Dollar (“HK\$”) amounts into U.S. dollars at specified rates. Unless otherwise stated, the translation of RMB into U.S. dollars has been made at RMB 7.1426 to US\$1.00 and the translation of HK\$ into U.S. dollars has been made at HK\$7.8000 to US\$1.00 in effect on July 31, 2023. We make no representation that any RMB/HK\$ or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB/HK\$, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade.

PART I

ITEM 1. BUSINESS

Overview

We are a British Virgin Islands business company. We are a business consulting company providing financial consulting services to small and medium-sized enterprises (“SMEs”) and prior to August 1, 2022, our Affiliated Entity ATIF USA, managed a private equity fund with approximately \$1.3 million assets under management (“AUM”). Since our inception in 2015, the main focus of our consulting business has been providing comprehensive going public consulting services designed to help SMEs become public companies on suitable stock markets and exchanges. Our goal is to become an international financial consulting company with clients and offices throughout North America and Asia. In order to expand our business with a flexible business concept and reach our goal of high growth revenue and strong profit growth, on January 4, 2021, we opened an office in California, USA, through our wholly owned subsidiary ATIF USA. Our clients located within United States are serviced by ATIF USA. ATIF BVI relies on a professional service team, who is rich in business consulting experiences, extensive social relations, and international integrated services, to make the IPO process as easy as possible for its clients. We operate with competitive fee schedules and in the cases of clients with attractive financial performance and/or great growth potential, we would offer the option of paying no fees upfront.

To mitigate the potential risks arising from the PRC government provision of new guidance to and restrictions on China-based companies raising capital offshore, we decided to divest our PRC subsidiaries. As of May 31, 2022, we completed the transfer of our equity interest in ATIF Limited, a Hong Kong corporation (“ATIF HK”) and Huaya Consulting (Shenzhen) Co., Ltd., corporation formed under the laws of the PRC (“Huaya”) to Mr. Pishan Chi, our former director and CEO, for no consideration.

We have primarily focused on helping clients going public on the national stock exchanges and OTC Markets in the U.S. As of the date of this annual report, we have provided financial consulting services to SMEs in the United States, Mexico, China and Hong Kong. The following table illustrates the breakdown of our total revenue, organized by customers’ locations for the years ended July 31, 2023 and 2022.

	Year ended July 31, 2023 Revenue	Percentage of Total revenue	Year ended July 31, 2022 Revenue	Percentage of Total revenue
Hong Kong	600,000	24.5%	497,594	29.8%
Mainland China	-		1,128,508	67.7%
USA	1,200,000	49.0%	41,208	2.5%
Mexico	650,000	26.5%	-	-
Total revenue, net	\$ 2,450,000	100%	\$ 1,667,310	100%

Recent Developments

On January 4, 2021, we announced the relocation of our operating headquarter to California, USA, through our wholly owned subsidiary ATIF USA. As part of this relocation, we transitioned our services from the variable interest entity (“VIE”), Qianhai Asia Times (Shenzhen) International Financial Services Co., Ltd. (“Qianhai”), to ATIF USA and Huaya by terminating the VIE agreements between the Company and Qianhai on February 3, 2021. We did this to simplify the management chain and improve management control, with the goal of lowering costs. We believe that this streamlined management model and strategic partnership strategy is in line with the current fast-changing and competitive business environment and will provide us with strong growth capability. The termination of the VIE agreement with Qianhai did not adversely affect Huaya, our business, financial condition, and results of operations.

On January 14, 2021, the Company entered into the sales and purchase agreement (the “Sales and Purchase Agreement”) with the majority shareholders of Leaping Group Co., Ltd. (“LGC”) consisting of Jiang Bo, Jiang Tao and Wang Di (collectively the “LGC Buyers”) to sell our 51.2% equity interest in LGC. Pursuant to the Sales and Purchase Agreement, the Company sold 10,217,230 ordinary shares of LGC in exchange for (i) 5,555,548 ordinary shares of the Company owned by the LGC Buyers, and (ii) a cash payment of US\$2,300,000 payable by January 14, 2023 at an interest rate of 10% per annum. As of the date of this annual report, the 5,555,548 ordinary shares owned by the LGC Buyers have been returned to the Company and the \$2.3 million cash payment has not yet been received from the LGC Buyers. For the years ended July 31, 2021 and 2020, we reported net loss of \$6.6 million and \$11.0 million from discontinued operations of LGC as a separate component in the consolidated statements of operations. In addition, for the year ended July 31, 2023, the Company provided full provision against the principal and interest aggregating approximately \$2.7 million due from the shareholders of LGC.

As a result of termination of the VIE agreements and sale of all our equity interests in LGC, we currently do not have a VIE structure.

On February 16, 2021, we established ATIF-1, LP (“ATIF LP”) as a private equity fund, with ATIF USA as the investment manager and ATIF-1 GP, LLC (“ATIF GP”), a Delaware limited liability company, as the general partner of ATIF LP. As of July 31, 2022, we owned a 76.6% interest in ATIF LP as a limited partner. As of July 31, 2022, ATIF LP had approximately \$1.3 million assets under management (“AUM”). ATIF GP’s investment strategy involves directional long and short investments in equity securities, primarily issued by large cap U.S. companies, and American Depositary Receipts (“ADRs”) related to Chinese companies of various sizes, including private companies. Due to significant volatility in stock market, the private equity fund lost \$1.5 million in fiscal year 2022 as compared to gain \$0.2 million in fiscal year 2021. On August 1, 2022, ATIF USA entered into and closed a sales and purchase agreement (the “ATIF GP Agreement”) with Asia Time (HK) International Finance Service Limited (the “Buyer”) pursuant to which ATIF USA sold all of its membership interests in ATIF GP to the Buyer for cash consideration of US\$50,000. Upon the closing of the Agreement on August 1, 2022, ATIF GP is no longer our subsidiary and ATIF USA ceased to be the investment manager of ATIF LP. For the year ended July 31, 2023, the Company recorded a gain of \$56,038 from the transfer of equity interest.

On August 23, 2021, we completed a one (1) for five (5) reverse stock split of our issued and outstanding ordinary shares.

On December 22, 2021, we established ATIF BD which is engaged in consultancy and information technology support services.

On April 25, 2022, we established ATIF Investment which is engaged in consultancy and information technology support services.

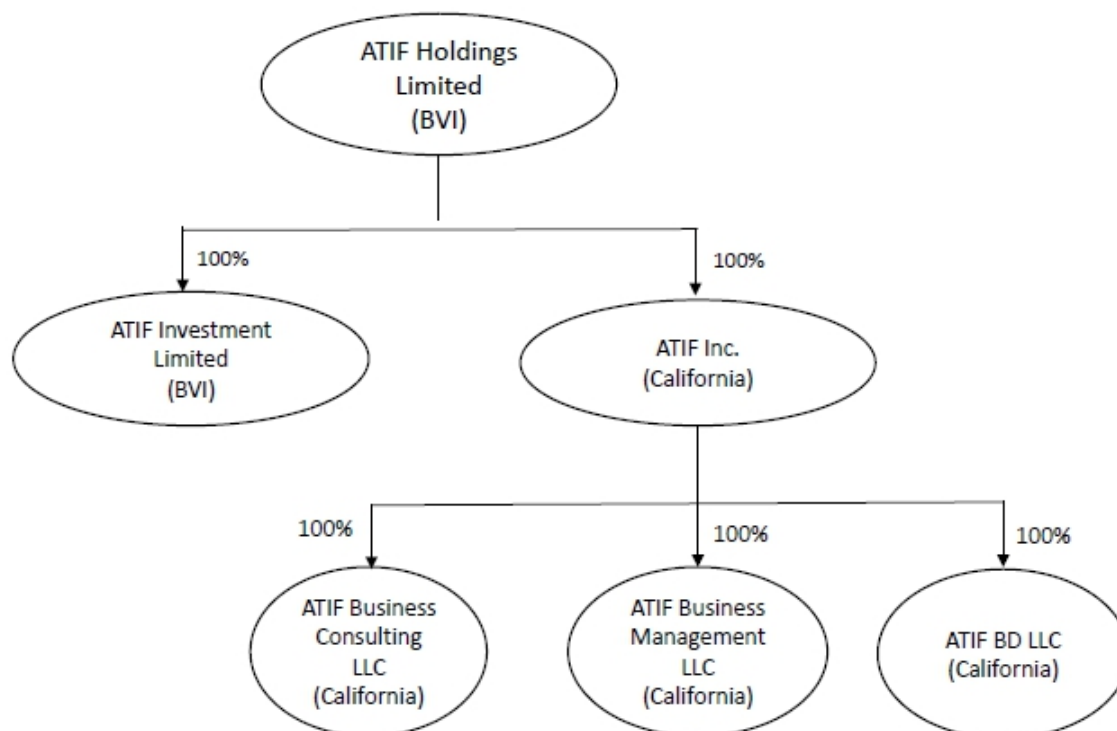
On May 31, 2022, we completed the transfer of our equity interest in ATIF HK and Huaya to Mr. Pishan Chi, our former director and CEO, for no consideration. The transfer of equity interest was to mitigate the potential risks arising from the PRC government provision of new guidance to and restrictions on China-based companies raising capital offshore.

On October 6, 2022, we established ATIF Business Consulting which is engaged in IPO consulting services in North America.

On October 7, 2022, we established ATIF Business Management which plans to provide comprehensive services, such as investors’ relationships and secretarial services in North America in future.

Corporate Structure

The following diagram illustrates our current corporate structure :



Competitive Strengths

We believe that the following strengths enable us to stand out in the financial service industry and differentiate us from our competitors:

Experienced and Highly Qualified Team

We have a highly qualified professional service team with extensive experience in going public consulting services. Our professional team members have an average of five years of experience in their respective fields of international finance, capital market, cross-border and domestic listing services, and marketing. The majority of the members of our team previously worked in the technology or finance industries. We highly value members of our qualified professional team and are on the constant lookout for new talents to join our team.

Recognition and Reputation Achieved from Our Previous Success

Since our inception in 2015, we have successfully helped eight clients to be quoted on the U.S. OTC markets and one client listed on the U.S. Nasdaq market, respectively. We believe we are one of the few going public consulting service providers that possess the necessary resources and expertise to provide comprehensive personalized one-stop going public consulting services to clients.

Long-Term Cooperation Relationship with Third-Party Professional Providers

We have established long-term professional relationships with a group of well-known third-party professional providers both domestically and in the U.S., such as investment banks, certified public accounting firms, law firms, and investor relations agencies, whose services and support are necessary for us to provide high-quality one-stop going public consulting service to our clients. It took us years of hard work to demonstrate to these professional organizations that we are a worthy partner capable of providing high-quality professional services that conforms to their high standards. As a result, our clients are able to gain direct access to and obtain high-quality professional services from our third-party professional providers.

Cash Distribution

Under our current corporate structure, to fund any liquidity requirements an entity in our corporate group may have, an Affiliated Entity may rely on dividend payments from ATIF BVI and ATIF BVI may receive distributions or cash transfers from an Affiliated Entity. As of the date of this annual report, there are no currency exchange restrictions or limitations imposed on the transfer of capital within our corporate structure, except that the transfers are subject to money laundering and anti-corruption rules and regulations. However, there is no guarantee that the applicable government will not promulgate new laws or regulations that may impose such restrictions on currency exchanges in the future. As of the date of this annual report, no transfer of non-cash assets has occurred between ATIF BVI and any of its subsidiaries. The following table illustrates the breakdown of our cash transfer within our organization as of July 31, 2023:

Lender	Borrower	Amount Due
ATIF BVI	ATIF USA	\$ 2,357,000
ATIF BVI	ATIF INVESTMENT LTD	\$ 397,172
ATIF Business Consulting LLC	ATIF BVI	\$ 935,000

The following table illustrates the breakdown of our cash transfer within our organization as of the day of the year ended July 31, 2022:

Lender	Borrower	Amount Due
ATIF BVI	ATIF HK	\$ 8,278,243.47
ATIF BVI	ATIF USA	\$ 1,200,000.00
ATIF HK	VIE	\$ -
ATIF HK	Huaya	\$ 640,964.92

Following the completion of the transfer of equity interest in ATIF HK and termination of VIE structure, the Company doesn't have any interest or obligation in relation to the outstanding loan between ATIF HK, VIE and Huaya.

As of the date of this annual report, neither ATIF BVI nor its subsidiaries has a cash management policy. None of ATIF BVI's subsidiaries has ever paid dividends, made distributions, transferred cash or other assets by kind to ATIF BVI or its shareholders directly or indirectly. However, there is no assurance that the Chinese government will not, in the future, intervene or impose restrictions or limitations on the Company's ability to generate income out of mainland China and Hong Kong. Also ATIF BVI has not made any distributions or paid dividends to its shareholders, including U.S. investors, as of the date of this annual report.

As of the date of this annual report, none of the Affiliate Entities has made any dividends or distributions to ATIF BVI, nor has ATIF BVI made any dividends or distributions to its shareholders. We intend to keep any future earnings to re-invest in and finance the expansion of our business on global platform. If ATIF BVI determines to pay dividends on any of its Ordinary Shares in the future, as a holding company, it may derive funds for such distribution from its own cash position or contributions from its subsidiaries.

Our Business

We are a British Virgin Islands business company. We are a business consulting company providing financial consulting services to small and medium-sized enterprises ("SMEs"). Since our inception in 2015, the focus of our consulting business has been providing comprehensive going public consulting services designed to help SMEs become public companies on suitable markets and exchanges. Our goal is to become an international financial consulting company with clients and offices throughout Asia and North America. On January 4, 2021, we established an office in California, USA, through our wholly owned subsidiary ATIF Inc., a California corporation, which was incorporated on October 26, 2020, and launched, in addition to our business consulting services, additional service models consisting of asset management, investment holding and media services to expand our business with a flexible business concept to achieve a goal of high growth revenue and strong profit growth. Clients located within United States will be serviced by ATIF Inc., while clients outside United States will be supported by ATIF Inc.'s business strategic cooperative partner Huaya.

Since our inception, our revenue has been mainly generated from our going public consulting services. In April 2020, we acquired a 51.2% equity interest in Leaping Group Co., Ltd. ("LGC") and our revenue was mainly comprised of going public consulting services and event execution and planning services for the year ended July 31, 2020. On January 29, 2021, we completed a disposition of 51.2% of the equity interest of LGC with three individuals. For the years ended July 31, 2021 and 2020, we reported net loss of \$6.6 million and \$11.0 million from discontinued operations of LGC as a separate component in the consolidated statements of operations.

Beginning in August 2018, to complement and facilitate the growth of our going public consulting service, we launched AT Consulting Center to offer financial consulting programs in Shenzhen, and in September 2018, we acquired CNNM, or www.chinacnm.com, a news and media website focused on distributing financial news and information. In July 2019, we launched an investment and financing analysis reporting business. We have not generated any revenue from this financial and news platform since its acquisition, and based on our current financial condition and operating performance, our management has assessed that the likelihood of future use of the financial and news platform is remote, and we provided full impairment on the financial and news platform in the year ended July 31, 2020.

In China, a fast-growing economy and a positive market environment have created many entrepreneurial and high-growth enterprises, many of which need assistance in obtaining development funds through financing. Due to restrictions imposed by China's foreign exchange regulations, it is difficult for foreign capital to enter China's capital market. Because of the strict listing policies and a relatively closed financial environment in mainland China, most small to medium sized enterprises in the development stage are unable to list on domestic exchanges in China. Therefore, many Chinese enterprises strive to enter international capital markets through overseas listing for equity financing. However, in China, there is a general lack of understanding of the international capital markets, as well as a lack of professional institutions that provide overseas going public consulting services to these companies, and many of them may not be familiar with overseas listing requirements.

We launched our consulting services in 2015. Our aim was to assist these Chinese enterprises by filling the gaps and forming a bridge between PRC companies and overseas markets and exchanges. We have a team of qualified and experienced personnel with legal, regulatory, and language expertise in several overseas jurisdictions. Our services are designed to help SMEs in China achieve their goal of becoming public companies. We create a going public strategy for each client based on many factors, including our assessment of the client's financial and operational situations, market conditions, and the client's business and financing requirements. Since our inception and up to July 31, 2023, we have successfully helped nine Chinese enterprises to be quoted on the U.S. OTC markets along with one client getting listed on Nasdaq Stock Market and are currently assisting our other clients in their respective going public efforts. All of our current and past clients have been Chinese companies, and we plan to expand our operations to other Asian countries, such as Malaysia, Vietnam, and Singapore, by as opportunities arises.

On January 4, 2021, we announced the relocation of our operating headquarter to California, USA, through our wholly owned subsidiary ATIF Inc., a California corporation incorporated on October 26, 2020, and launched, in addition to our business consulting services, additional service models consisting of asset management, investment holding and media services to expand our business with a flexible business concept to achieve a goal of high growth revenue and strong profit growth. As part of this relocation and to streamline the management chain and to improve management control with a goal of lower costs, we transition the services from our variable interest entity ("VIE"), Qianhai Asia Times (Shenzhen) International Financial Services Co., Ltd. ("Qianhai"), to ATIF Inc. and Huaya, and terminated the VIE agreements with Qianhai on January 31, 2021. Before the termination, operating revenue generated through Qianhai VIE amounted to \$645,127, and net income (loss) amounted to \$(1,562,037) for the years ended July 31, 2020. The termination of the Qianhai VIE agreements did not cause a material impairment of our long-lived assets (primarily including fixed assets such as office furniture and equipment and automobile) because such assets only amounted to \$184,740 and \$68,375 as of July 31, 2020 and 2019, respectively. All of the fixed assets were transferred to Huaya upon termination of the VIE agreement. In addition, we had discussions with other business organizations to collaborate with a goal of leveraging their resources to assist us to grow our business centers in other jurisdictions. We believe that this streamlined management model and strategic partnership strategy is in line with the current fast-changing and competitive business environment and will provide us with strong growth capability. The termination of the VIE agreement with Qianhai did not adversely affect Huaya, our business, financial condition, and results of operations.

On January 14, 2021, the Company entered into the Sale and Purchase Agreement with the majority shareholders of LGC consisting of Jiang Bo, Jiang Tao and Wang Di (collectively the “LGC Buyers”) to sell all interests in LGC. Pursuant to the Sales and Purchase Agreement, the Company sold 10,217,230 ordinary shares of LGC in exchange for (i) 5,555,548 ordinary shares of the Company owned by the LGC Buyers, and (ii) payment by the LGC Buyers in the amount of US\$2,300,000 plus interest at an interest rate of 10% per annum on the unpaid amount if the principal amount of US\$2,300,000 is not paid by January 14, 2022. All principal and accrued and unpaid interest shall be due on January 14, 2023. As of the date of this annual report, the 5,555,548 shares of ordinary shares owned by the LGC Buyers have been returned to the Company and the \$2.3 million cash payment has not yet been received from the LGC Buyers. For the years ended July 31, 2021 and 2020, we reported net loss of \$6.6 million and \$11.0 million from discontinued operations of LGC as a separate component in the consolidated statements of operations. After completion of the transaction, the Company shall no longer hold any shares of LGC and LGC shall no longer be subsidiary of ATIF. The Sales and Purchase Agreement closed on January 29, 2021.

We entered into the Sale Purchase Agreement because we believed that due to the continued impact of COVID-19 in China, it will take longer, and additional capital will be required for traditional entertainment and cinemas businesses like LGC to recover. Further, in light of the Company moving its headquarter to California and transitioning to a new business model focusing on business consulting, asset management, investment holding and media services, the Company no longer believes that its business has synergy with LGC’s cinema advertising and cinema operation business. Our management and LGC’s management also had different views of LGC’s future business direction.

On February 16, 2021, we established ATIF-1, LP (“ATIF LP”) as a private equity fund through our indirectly-wholly owned subsidiary, ATIF-1 GP, LLC (“ATIF GP”), a Delaware limited liability company, as the general partner. As of July 31, 2022, we own a 76.6% limited partner interest in ATIF LP. ATIF LP manages, as of July 31, 2022, approximately \$1.3 million assets under management (“AUM”). The investment strategy of the fund involves directional long and short investments in equity securities, primarily issued by U.S. large capitalization companies, and American Depositary Receipts (“ADRs”) related to Chinese companies of various sizes, including private companies. The investment manager for the fund is ATIF Inc. Due to significant volatility in stock market, the private equity fund lost \$1.5 million in fiscal year 2022 as compared to gain \$0.2 million in fiscal year 2021. On August 1, 2022, ATIF USA entered into and closed a Sale and Purchase Agreement with Asia Time (HK) International Finance Service Limited (the “Buyer”), pursuant to which ATIF USA sold all of its membership interests in ATIF GP (the “Agreement”) to the Buyer for cash consideration of US\$50,000. Upon the closing of the Agreement, ATIF GP is no longer our subsidiary and ATIF USA ceased to be the investment manager of ATIF LP. For the year ended July 31, 2023, the Company recorded a gain of \$56,038 from the transfer of equity interest.

On May 31, 2022, we completed the transfer of our equity interest in ATIF HK and Huaya to Mr. Pishan Chi for \$nil consideration. The transfer of equity interest was to mitigate the potential risks arising from the PRC government provision of new guidance to and restrictions on China-based companies raising capital offshore. We determined that the transfer of our equity interest in ATIF HK and Huaya did not have a major effect on our operations and financial results as we did not change our way of running business. We also determined that the transfer of equity interest does not represent a strategic shift in our business because there was no change to our operation of our consulting services. There was no change to the nature of our business, and did not affect our customers in North America, which is the major geographic market area of our business. However, we intend to continue cooperating with Huaya in connection with the expansion and provision of our business services in China. Before the disposal of ATIF HK and Huaya, operating revenue generated through Huaya amounted to \$366,508 and \$401,292, and net income (loss) amounted to \$(812,434) and \$86,758 for the years ended July 31, 2023 and 2022 respectively. The disposal of Huaya did not cause a material impairment of our long-lived assets (primarily including fixed assets such as office furniture and equipment and automobile) because it had no long-lived assets as of May 31, 2022.

Marketing and Sales

We believe the success of our consulting business requires building mutually beneficial long-term relationships with relevant and influential entities, and we have developed our main marketing channels based on these relationships.

Since our inception, we have cultivated and maintained cooperation with a number of city and provincial chambers of commerce and business associations in China, including the Zhejiang Chamber of Commerce in Shenzhen and Guangdong, Shenzhen Industrial Park Association, Meixian Chamber of Commerce in Shenzhen, Wenzhou Chamber of Commerce in Shenyang, Shenzhen Elite Chamber of Commerce, and the SME Service Platform in Northeast China. There are no contractual relationships between us and these organizations. However, these local business organizations have helped our marketing efforts greatly, due to the fact that: (1) they have access to the information of local enterprises and often recommend and connect us with potential clients; (2) they help us organize going public briefings and international financial lectures with local enterprises; and (3) they are able to utilize relationships with local government to initiate and organize government sponsored financial forums to promote and introduce our consulting services to the local enterprises.

We also strive to maintain professional relationships with our former and prospective clients. Our former clients have benefited from our services and oftentimes are willing and able to introduce prospective clients to us. After nearly three years operating as a consulting service provider specialized in cross-border going public services, we have developed a database consisting of former and prospective clients, using each as a resource for business connections and social relations.

Our employees have been working in various industries for many years, and accumulated networks of business and social relations including personal connections, corporate associations, and governmental affiliations, which are all valuable resources through which we can potentially obtain new clients.

We are constantly seeking new and effective marketing channels in order to grow into an international consulting company with clients and branches throughout Asia and North America. To complement and facilitate our growth perspectives, in 2018, we launched AT Consulting Center, we believe, it has the great potential in becoming instrumental in our marketing efforts for continued growth of our consulting business.

In addition to our marketing efforts described above, we also market our consulting services, through:

- Social media, principally WeChat and Weibo;
- Newsletters to our prospective clients; and
- Business relationships with well-known corporations and web platforms with large online traffics that can direct traffic to our website through links on their websites.

Competition

We face competition from a number of consulting companies providing going public consulting services such as Greenpro Capital Corp., Forward Capital, and Dragon Victory, who recently entered going public consulting services in 2018. We believe that our relatively mature operating history of nearly three years differentiates our company from other competitors. Our comprehensive one-stop consulting services, through which we are directly involved in each of the three pre-defined phases of our clients' going public process, are unlike the services provided by many of our competitors, who often act as mere initial order takers, and then outsource a majority of services to third-party providers.

Currently, many of the going public consulting providers in China operate on a relatively small scale, only with a few employees. We believe that we are currently one of the few consulting companies capable of providing comprehensive one-stop going public services to qualified enterprises. However, due to favorable market conditions, which may have been overheated by various Chinese government stimulus programs offered recently to encourage and reward enterprises going public, a number of companies have entered and are entering the going public consulting business. As such, we expect competition will become more intense, and it is possible that we will not be able to maintain the growth rate we have achieved previously.

Major Customers

The majority of our clients are small to medium-sized enterprises seeking growth and expansion through going public on recognized exchanges, and \$2.5 million and \$1.6 million was generated from our consulting services for the fiscal years ended July 31, 2023 and 2022, respectively. For the year ended July 31, 2023, our clients were based in North America and Hong Kong. The number of our new consulting service clients was four and five for the fiscal years ended July 31, 2023 and 2022, respectively. Due to the nature of our consulting business, which requires us to dedicate a large amount of resources to each of our clients, we were able to generate a relatively large revenue from a small number of clients. As a result, we had four and three clients that accounted for more than 10% of our total revenues, for the fiscal years ended July 31, 2023 and 2022, respectively. As we continue to expand and grow the number of clients, we expect the risks arising from customer concentration will be mitigated accordingly.

Employees

As of July 31, 2023, we had 13 full-time employees, including 1 in China and 12 in America. None of our employees are subject to collective bargaining agreements governing their employment with us. We believe our employee relations are good.

Intellectual Property

We have received the approval for the following trademark registrations:

Trademark	Jurisdiction	Category	Effective Date	Expiration Date
ATIF	China	36	May 7, 2019	May 6, 2029
ATIF	Hong Kong	36	January 31, 2019	August 28, 2028
	China	36	May 14, 2017	May 13, 2027
	Hong Kong	35;36;41	November 26, 2019	April 11, 2029
CNNM	Hong Kong	35; 38	August 29, 2018	August 28, 2028
INTERNATIONAL SCHOOL OF FINANCE	Hong Kong	41	August 29, 2018	August 28, 2028
IPOEX	Hong Kong	36	October 27, 2020	October 26, 2030
IPOEX	European Union	36	January 30, 2021	October 15, 2030
IPOEX	China	36	July 28, 2021	July 27, 2031
IPOEX	Singapore	36	October 15, 2020	October 15, 2030
IPOEX	United Kingdom	36	February 19, 2021	October 19, 2030
IPOEX	Korea	36	February 21, 2022	February 21, 2032

We also own five domain names: ipoex.com, atifus.com, atifchina, chinacnm.com and dpoex.com.

Below are images of our trademarks:



CNNM 中国网媒
www.chinacnnm.com



IPOEX

亚洲时代

亞洲時代

Recent Regulatory Development

We are subject to a wide variety of complex laws and regulations in the United States and other jurisdictions in which we operate. The laws and regulations govern many issues related to our business practices, including those regarding consumer protection, worker classification, wage and hour, sick pay and leaves of absence, anti-discrimination and harassment, whistleblower protections, background checks, privacy, data security, intellectual property, health and safety, environmental, competition, fees and payments, pricing, product liability and disclosures, property damage, communications, employee benefits, taxation, unionization and collective bargaining, contracts, arbitration agreements, class action waivers, terms of service, and accessibility of our website.

These laws and regulations are constantly evolving and may be interpreted, applied, created, superseded, or amended in a manner that could harm our business. These changes may occur immediately or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies. As we expand our business into new markets or introduce new features or offerings into existing markets, regulatory bodies or courts may claim that we are subject to additional requirements, or that we are prohibited from conducting business in certain jurisdictions. This section summarizes the principal regulations applicable to our business.

Regulation on Intellectual Property Rights

Regulations on trademarks

The Trademark Law of the People's Republic of China was adopted at the 24th meeting of the Standing Committee of the Fifth National People's Congress on August 23, 1982. Three amendments were made on February 22, 1993, October 27, 2001, and August 30, 2013, respectively. The last amendment was implemented on May 1, 2014. The regulations on the implementation of the trademark law of the People's Republic of China were promulgated by the State Council of the People's Republic of China on August 3, 2002, and took effect on September 15, 2002. It was revised on April 29, 2014 and April 23, 2019. The PRC Trademark Office under the State Administration of Market Regulation handles trademark registrations and grants a term of 10 years to registered trademarks and another 10 years if requested upon expiration of the first or any renewed 10-year term. Trademark license agreements must be filed with the PRC Trademark Office for record. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark to be registered is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar goods or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. After receiving an application, the PRC Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. During the three months after this public announcement, any person entitled to prior rights and any interested party may file an objection against the trademark. The PRC Trademark Office's decisions on rejection, objection, or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no objection is filed within three months after the public announcement or if the objection has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, at which point the trademark is deemed to be registered and will be effective for a renewable 10-year period, unless otherwise revoked. For licensed use of a registered trademark, the licensor shall file record of the licensing with the PRC Trademark Office, and the licensing shall be published by the PRC Trademark Office. Failure of the licensing of a registered trademark shall not be contested against a good faith third party. For a detailed description of our trademark registrations, please refer to "—Intellectual Property."

Regulations on domain names

In accordance with the Measures for the Administration of Internet Domain Names, which was promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on August 24, 2017 and came into effect on November 1, 2017, the Implementing Rules of China Internet Network Information Center on Domain Name Registration, which was promulgated by China Internet Network Information Center (the “CNNIC”) on May 28, 2012 and came into effect on May 29, 2012, and the Measures of the China Internet Network Information Center on Domain Name Dispute Resolution, which was promulgated by CNNIC on September 1, 2014 and came into effect on the same date, domain name registrations are handled through domain name service agencies established under relevant regulations, and an applicant becomes a domain name holder upon successful registration, and domain name disputes shall be submitted to an organization authorized by CNNIC for resolution. Besides, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide true, accurate, and complete information of their identities to domain name registration service institutions. In accordance with the Notice from the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services, which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, Internet access service providers shall verify the identity of each Internet information service provider, and shall not provide services to any Internet information service provider which fails to provide real identity information. The applicant will become the holder of such domain names upon completion of the registration procedure. As of July 31, 2020, we had completed registration of five domain names, “ipoex.com,” “[chinacnm.com](#),” “[atifchina.com](#),” “[atifus.com](#),” and “[dpoex.com](#),” in the PRC and became the legal holder of such domain names.

U.S. Labor and Employment Laws

Various federal and state labor laws govern our relationship with our employees and affect operating costs. These laws include minimum wage requirements, overtime pay, unemployment tax rates, workers’ compensation rates, citizenship requirements and sales taxes. Additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits such as those to be imposed by recently enacted legislation in California, increased tax reporting and tax payment requirements for employees who receive gratuities, or a reduction in the number of states that allow tips to be credited toward minimum wage requirements could harm our operating results.

The Federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. Although our office is designed to be accessible to the disabled, we could be required to make modifications to our office to provide service to, or make reasonable accommodations for, disabled persons.

U.S. Data Protection and Privacy Laws

California has several laws protecting the literary works read by California residents. The California Reader Privacy Act protects information about the books California residents read from electronic services. Such information cannot be disclosed except pursuant to an individual’s affirmative consent, a warrant or court order with limited exceptions, such as imminent danger of serious injury. California Education Code Section 99122 requires for-profit postsecondary educational institutions to post a social media privacy policy on their website.

The Digital Millennium Copyright Act (DMCA) provides relief for claims of circumvention of copyright protected technologies and includes a safe harbor intended to reduce the liability of online service providers for hosting, listing, or linking to third-party content that infringes copyrights of others.

The Communications Decency Act provides that online service providers will not be considered the publisher or speaker of content provided by others, such as individuals who post content on an online service provider’s website.

The California Consumer Privacy Act (CCPA), which went into effect on January 1, 2020, provides consumers the right to know what personal data companies collect, how it is used, and the right to access, delete, and opt out of the sale of their personal information to third parties. It also expands the definition of personal information and gives consumers increased privacy rights and protections for that information. The CCPA also includes special requirements for California consumers under the age of 16.

The California Privacy Rights Act (CPRA), Virginia Consumer Data Protection Act (CDPA) and Colorado Privacy Act (CPA) all will come into effect on January 1, 2023. These laws provide consumers with the right to know what personal data companies collect, how it is used, and the right to access, delete, and opt out of the sale of their personal information to third parties. The CPRA also includes special requirements for California consumers under the age of 16.

The Holding Foreign Companies Accountable Act

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act (“HFCAA”) requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. On December 18, 2020, the Holding Foreign Companies Accountable Act or HFCAA was signed into law. On September 22, 2021, the PCAOB adopted a final rule implementing the HFCAA, which became law in December 2020 and prohibits foreign companies from listing their securities on U.S. exchanges if the company has been unavailable for PCAOB inspection or investigation for three consecutive years. As a result of the HFCAA, trading in ATIF BVI’s securities may be prohibited if the PCAOB determines that it cannot inspect or fully investigate ATIF BVI’s auditor. Furthermore, in June 2021, the Senate passed the AHFCAA, which was signed into law on December 29, 2022, reducing the time period for delisting of foreign companies under the HFCAA to two consecutive years, instead of three 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 Denver, Colorado, 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 PRC regulators that does not permit our auditor to provide audit documentations located in China to the PCAOB for inspection or investigation, you 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.

The recent developments would add uncertainties to our offering and we cannot assure you whether Nasdaq would apply additional and more stringent criteria to us after considering the effectiveness of our auditor’s audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach, or experience as it relates to our audit.

Corporate Office

Our principal executive office and production facility is located in Lake Forest, California, USA, where we lease approximately 7237 square feet of office space and is located in 25391 Commercentre Dr. Ste 200, Lake Forest, CA 92630. The telephone number at our principal executive office is 308-888-8888. We believe that these existing facilities will be adequate for our current needs and that suitable additional or alternative space will be available in the future on commercially reasonable terms, if required.

Other Information

Our Internet address is www.ipoex.com. We make available on our website our reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (“SEC”). Other than the information expressly set forth in this annual report, the information contained, or referred to, on our website is not part of this annual report. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC.

ITEM 1A. RISK FACTORS

An investment in our ordinary shares involves a high degree of risk. You should carefully consider the summary of risk factors described below, together with all of the other information included in this report, before making an investment decision. If any of the following risks actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment. You also should read the section entitled “Special Note Regarding Forward Looking Statements” above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this report. The risk factors below do not address all the risks relating to securities, business and operations, and financial condition.

Risks Relating to our Business

We have a limited operating history and are subject to the risks encountered by early-stage companies.

We have only been in business since November 2015. We did not generate any revenue until the fiscal year ended July 31, 2016. We launched AT Consulting Center, which offers financial and advisory services to our clients in August 2018 and acquired CNNM, a media and news platform, in September 2018. As a start-up company, our business strategies and model are constantly being tested by the market and operating results, and we pursue to adjust our allocation of resources accordingly. As such, our business may be subject to significant fluctuations in operating results in terms of amounts of revenues and percentages of total with respect to the business segments.

We are, and expect for the foreseeable future to be, subject to all the risks and uncertainties, inherent in a new business and in an industry which is in the early stages of development in China. As a result, we must establish many functions necessary to operate a business, including expanding our managerial and administrative structure, assessing and implementing our marketing program, implementing financial systems and controls and personnel recruitment. Accordingly, you should consider our prospects in light of the costs, uncertainties, delays, and difficulties frequently encountered by companies with a limited operating history. These risks and challenges are, among other things:

- we operate in an industry that is or may in the future be subject to increasing regulation by various governmental agencies in China;
- we may require additional capital to develop and expand our operations which may not be available to us when we require it;
- our marketing and growth strategy may not be successful;
- our business may be subject to significant fluctuations in operating results; and
- we may not be able to attract, retain and motivate qualified professionals.

Our future growth will depend substantially on our ability to address these and the other risks described in this annual report. If we do not successfully address these risks, our business would be significantly harmed.

We have incurred net losses for the year ended July 31, 2023 and expect losses to continue in the near future.

For the fiscal year ended July 31, 2023, we incurred a loss of \$2.9 million. Our operations have been adversely affected by the effect of Covid 19. In addition, the PRC has recently issued statements that may have the effect of slowing down our business consulting services of assisting PRC companies to go public in the United States. As a result, until the PRC further clarifies its views and regulations regarding PRC companies seeking to go public in the United States, and PRC companies are comfortable with the business climate and seeking our services, we anticipate that we continue to experience losses in the future.

Raising additional capital may cause dilution to our existing stockholders

As of July 31, 2023, we had cash of \$0.6 million. We may seek additional capital through a combination of private and public equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, existing ownership interests will be diluted and the terms of such financings may include liquidation or other preferences that adversely affect the rights of existing stockholders. Debt financings may be coupled with an equity component, such as warrants to purchase shares, which could also result in dilution of our existing stockholders' ownership. The incurrence of indebtedness would result in increased fixed payment obligations and could also result in certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business and may result in liens being placed on our assets and intellectual property. If we were to default on such indebtedness, we could lose such assets and intellectual property.

If we do not continue to satisfy the Nasdaq Capital Market continued listing requirements, our Ordinary Shares could be delisted.

The listing of our Ordinary Shares on the Nasdaq Capital Market is contingent on our compliance with the Nasdaq Capital Market's conditions for continued listing. On December 16, 2020, we received notice from The Nasdaq Stock Market ("Nasdaq") indicating we were not in compliance with the minimum bid price requirement of \$1.00 per share under the Nasdaq Listing Rules. In addition, on December 17, 2020, we received notice from Nasdaq stating that because we had not yet filed our Annual Report on Form 20-F for the year ended July 31, 2020 (the "Form 20-F") by its due date, we were no longer in compliance with Listing Rule which requires listed companies to timely file all required periodic financial reports with the Securities and Exchange Commission. On December 31, 2020, we filed our Form 20-F with the SEC and on January 28, 2021 Nasdaq provide us confirmation that our closing bid price traded over \$1.00 for ten consecutive business days. Accordingly, we are now in compliance with the Nasdaq Listing Rules.

On July 26, 2021, we received another notice from Nasdaq indicating we that were not in compliance with the minimum bid price requirement of \$1.00 per share under the Nasdaq Listing Rules. The July 26, 2021 notice indicated that it had 180 calendar days, or until January 24, 2022, to regain compliance with the Listing Rules. On August 23, 2021, we effected the Reverse Split in order to the meet the minimum bid price of \$1.00, and on September 14, 2021, we received notice from Nasdaq that we were back in compliance.

In the future, should we fail to meet the Nasdaq Listing Rules, we may be subject to delisting by Nasdaq. In the event our Ordinary Shares are no longer listed for trading on the Nasdaq Capital Markets, our trading volume and share price may decrease and we may experience difficulties in raising capital which could materially affect our operations and financial results. Further, delisting from the Nasdaq Capital Market could also have other negative effects, including potential loss of confidence by partners, lenders, suppliers and employees. Finally, delisting could make it harder for us to raise capital and sell securities.

We lost our foreign private issuer status, which could result in significant additional costs and expenses.

The regulatory and compliance costs under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a foreign private issuer. Because we are no longer deemed to be a foreign private issuer, we are required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. In addition, we lost the ability to rely upon certain exemptions from the Nasdaq Capital Market's corporate governance requirements that are available to foreign private issuers.

Our historical financial results may not be indicative of our future performance.

We may not be able to sustain our historical rapid growth and/or may not be able to grow our business at all. Our net revenue increased from \$3.6 million for the fiscal year ended July 31, 2017 and \$5.3 million for the fiscal year ended July 31, 2018. However, our net revenue decreased to \$1.7 million, \$0.9 million and \$0.6 million for the fiscal year ended July 31, 2022, 2021 and 2020, respectively. Our net income was \$0.6 million for the fiscal year ended July 31, 2017, \$1.9 million for the fiscal year ended July 31, 2018, and \$0.4 million for the fiscal year ended July 31, 2019, and decreased to a net loss of \$17.3 million for the fiscal year ended July 31, 2020, and a net loss of \$9.0 million for the fiscal year 2021, and our net losses were \$2.9 million and \$3.4 million for the years ended July 31, 2023 and 2022 respectively. However, our historical growth rate, limited history of operation, changes to business operations, among other factors, make it difficult to evaluate our prospects.

Substantial doubt about our ability to continue as a going concern.

Because of our losses from operations, working capital deficit, and our requirement of additional capital to fund our current operating plan, at July 31, 2023, these factors indicate the existence of an uncertainty that raises substantial doubt about our ability to continue as a going concern and is dependent on our ability to raise additional working capital through debt or equity financings.

We may incur liability for unpaid taxes, including interest and penalties.

In the normal course of business, we may be subject to challenges from various taxing authorities regarding the amounts of taxes due. The taxing authorities may take the position that we owe more taxes than we have paid. We recorded tax liabilities of approximately \$31,200 and \$0.1 million as of July 31, 2023 and 2022, respectively, for the possible underpayment of income and business taxes. It is possible that our tax for past taxes may be higher than those amounts if the authorities determine that we are subject to penalties or that we have not paid the correct amount. Although our management believes it may be able to negotiate with local taxing authorities a reduction to any amounts that such authorities may believe are due and a reduction to any interest or penalties thereon, we have no guarantee that we will be able to negotiate such a reduction. To the extent we are able to negotiate such amounts, national-level taxing authorities may take the position that localities are without power to reduce such liabilities, and such taxing authorities may attempt to collect unpaid taxes, interest and penalties in amounts greatly exceeding management's estimates.

Changes in the U.S. capital markets could make our services less attractive to our clients and adversely affect our business and financial condition.

Our consulting services help our clients become public companies. For the year ended July 31, 2023, our clients were primarily based in Hong Kong and North America. We are expanding our consulting services to include Chinese domestic exchanges and the Hong Kong Stock Exchange, but currently, all of our former and current clients have chosen to go public in the U.S. We believe this is due to the more flexible rules provided by the U.S. OTC markets and exchanges than the Chinese domestic exchanges, as well as the attractive financing and growth opportunities the U.S. capital market, which has remained relatively stable comparing to the Chinese capital market, are perceived to be able to provide to the Chinese enterprises. As a result, our going public consulting business has flourished since its inception in 2015. However, changes in the U.S. capital markets could make our service less desirable to Chinese enterprises. For example, if the U.S. OTC markets and exchanges make their rules more stringent to Chinese enterprises, then fewer Chinese enterprises will be able to use our consulting services to go public in the U.S., and our business and financial condition will be adversely affected as a result.

Failure to maintain or enhance our brand or image could have a material and adverse effect on our business and results of operations.

We believe our “ATIF” brand is associated with a well-recognized, integrated consulting services company in the market that it operates, with comprehensive personalized one-stop consulting services to suit our clients’ needs. Our brand is integral to our sales and marketing efforts. Our continued success in maintaining and enhancing our brand and image depends to a large extent on our ability to satisfy customers’ needs by further developing and maintaining quality of services across our operations, as well as our ability to respond to competitive pressures. If we are unable to satisfy customers’ needs or if our public image or reputation were otherwise diminished, our business transactions with our clients may decline, which could in turn adversely affect our results of operations.

We may not be successful in implementing important new strategic initiatives, which may have an adverse impact on our business and financial results.

There is no assurance that we will be able to implement important strategic initiatives in accordance with our expectations, which may result in an adverse impact on our business and financial results. Our new strategic initiatives, AT Consulting Center and CNNM, which were launched in 2018, and the investment and financing analysis reporting business, which was launched in July 2019, are designed to create growth, improve our results of operations and drive long-term shareholder value. However, our management may lack required experience, knowledge, insight, or human and capital resources to carry out the effective implementation to expand into new spaces outside the financial consulting industry. As such, we may not be able to realize our expected growth, and our business and financial results will be adversely impacted.

Increasing competition within our industry could have an impact on our business prospects.

The financial consulting market is an industry where new competitors can easily enter into since there are no significant barriers to entry. Competing companies may have significantly greater financial and other resources than we do and may offer services that are more attractive to companies seeking funds; increased competition would have a negative impact on both our revenues and our profit margins.

Our results of operations and cash flows may fluctuate due to the non-recurring nature of our going public consulting services provided to our clients.

We generated the bulk of our total revenues from going public consulting services provided to small and medium-sized enterprises. Unlike other service businesses that have the potential of retaining their clients for long-term and recurring services, our consulting contractual relationships with our clients usually last for 12 months; there is no recurring business from our clients once they become public companies. Therefore, we face the constant challenge of identifying and recruiting new clients in order to maintain our operations and cash flows, which are difficult for us to predict from year to year.

In addition, even though we screen our prospective clients carefully before entering into service agreements, occasionally we have to discontinue our consulting services due to a variety of unforeseeable reasons such as the client’s shortage in funds, disagreements regarding the going public process, and changes in the client’s business and expectations, among others. Due to the fact that our consulting fee is paid on installments, we will not be able to realize the complete contracted amounts under these circumstances, without getting into potentially costly litigations.

Arbitration proceedings, legal proceedings, investigations, and other claims or disputes are costly to defend and, if determined adversely to us, could require us to pay fines or damages, undertake remedial measures, or prevent us from taking certain actions, any of which could adversely affect our business.

In the course of our business, we are, and in the future may be, a party to arbitration proceedings, legal proceedings, investigations, and other claims or disputes, which have related and may relate to subjects including commercial transactions, intellectual property, securities, employee relations, or compliance with applicable laws and regulations. As discussed below, we are engaged in a lawsuit relating to certain engagement agreements we had in connection with our and Leaping Group Co.'s initial public offering.

On May 14, 2020, Boustead Securities, LLC ("Boustead") filed its original complaint in the United States District Court for the Southern District of New York (CV-03749) against LGC and us. The case arises from a consulting agreement between us and Boustead, wherein Boustead claims that it is entitled to fees in connection with our cancellation of an \$1,851,000 outstanding debt owed by LGC and issuance of 9,940,002 ordinary shares (1,988,000 ordinary shares retrospectively restated for effect of reverse stock split on August 30, 2021) to LGC in exchange for a 51.2% interest in LGC. Boustead claims that we breached that consulting agreement and is entitled to fees in connection with our acquiring control of LGC. Boustead's complaint alleges four causes of action against us including breach of contract; breach of the implied covenant of good faith and fair dealing; tortious interference with business relationships and quantum meruit.

On October 6, 2020, we filed a motion to dismiss Boustead's Complaint pursuant to Federal Rule of Civil Procedure 12(b)(6) and 12(b)(5). On October 9, 2020, the United States District Court for the Southern District of New York directed Boustead to respond to the motion or amend its Complaint by November 10, 2020. Boustead opted to amend its complaint and filed the amended complaint on November 10, 2020. Boustead's first amended complaint asserted the same four causes of action against LGC and us as its original complaint. We filed another motion to dismiss Boustead's amended complaint on December 8, 2020.

On August 25, 2021, the United States District Court for the Southern District of New York granted ATIF's motion to dismiss Boustead's first amended complaint. In its order and opinion, the United States District Court for the Southern District of New York allowed Boustead to move for leave to amend its causes of action against us as to breach of contract and tortious interference with business relationships, but not breach of the implied covenant of good faith and fair dealing and quantum meruit. On November 4, 2021, Boustead filed a motion seeking leave to file a second amended complaint to amend its cause of action for Breach of Contract. The Court granted Boustead's motion for leave and Boustead filed the second amended complaint on December 28, 2021 alleging only breach of contract and dropping all other causes of action alleged in the original complaint. On January 18, 2022, the Company filed a motion to dismiss Boustead's second amended complaint. Boustead filed its opposition on February 1, 2022 and the Company replied on February 8, 2022.

On July 6, 2022, the Court denied our motion to dismiss the second amended complaint. Thereafter, on August 3, 2022, the Company filed a motion to compel arbitration. Thereafter, on August 3, 2022, the Company filed a motion to compel arbitration. Briefing on the Company's motion to compel concluded on August 23, 2022. Since the agreement between ATIF and Boustead contains a valid arbitration clause that applies to Boustead's breach of contract claim, and the parties have not engaged in discovery, on February 14, 2023, the Court ordered that ATIF's motion to compel arbitration is granted and this case is stayed pending arbitration.

On March 10, 2023, Boustead filed Demand for Arbitration against ATIF (the Respondent) before JAMS in California and the case Ref. No. is 5220002783. On May 25, 2023, ATIF filed its answer to deny Boustead's Demand for Arbitration, which was unsuccessful and the arbitration process was initiated. The arbitrator ordered a motion to be filed by Boustead for a determination of contract interpretation, prior to extensive discovery into issues such as the alleged merits and damages, and to determine whether the contract interpretation should allow the matter to further proceed. Boustead had filed the Motion for Contract Interpretation Determination. ATIF filed its opposition to that Motion on October 16, 2023. The hearing on the motion was held on November 8, 2023, during which the arbitrator extended the hearing to February 29, 2024. The arbitrator also established December 15, 2023, as the deadline for Boustead to submit its reply regarding the contract interpretation issues raised by the Company. Simultaneously, the Company was granted until February 12, 2024, to present its response brief.

Our management believes it is premature to assess and predict the outcome of this pending arbitration.

We may be subject to damages resulting from unauthorized access or hacking and other cyber risks.

Hacking is the process of attempting to gain or successfully gaining unauthorized access to computer system. As with any website, our websites may be subject to hacking regardless of whether we have in place securities systems which limit access to our platform. When a person engages in website hacking, he or she takes control of the website from the website owner. Password hacking is obtaining a user's secret password from data that has been stored in or transmitted by a computer system. Computer hacking is obtaining access to and viewing, creating or editing material without authorization. Hackers can bring a website down by causing large numbers of users to seek to access the website without the knowledge of the users, which is known as denial-of-service hacking. Despite our disclaimers, injured parties may seek to obtain damages from us for their loss. Thus, in addition to any financial or reputation losses that we may sustain, it is possible that a court or administrative body may hold us liable for damages sustained by others. Any such losses could materially impair our financial condition and our ability to conduct business.

If we fail to hire, train, and retain qualified managerial and other employees, our business and results of operations could be materially and adversely affected.

We place substantial reliance on the consulting and financial service industry experience and knowledge of our senior management team as well as their relationships with other industry participants. The loss of the services of one or more members of our senior management could hinder our ability to effectively manage our business and implement our growth strategies. Finding suitable replacements for our current senior management could be difficult, and competition for such personnel of similar experience is intense. If we fail to retain our senior management, our business and results of operations could be materially and adversely affected.

Our consulting service personnel are critical to maintaining the quality and consistency of our services, brand, and reputation. It is important for us to attract qualified managerial and other employees who have experience in consulting services and are committed to our service approach. There may be a limited supply of such qualified individuals. We must hire and train qualified managerial and other employees on a timely basis to keep pace with our rapid growth while maintaining consistent quality of services across our operations. We must also provide continuous training to our managerial and other employees so that they are equipped with up-to-date knowledge of various aspects of our operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may decrease, which in turn, may cause a negative perception of our brand and adversely affect our business.

Any failure to protect our trademarks and other intellectual property rights could have a negative impact on our business.

We believe our trademarks, “ ” in Hong Kong, “ATIF” in Hong Kong and China, “ ” in China, “CNNM” in Hong Kong “INTERNATIONAL SCHOOL OF FINANCE” in Hong Kong, “IPOEX” in China, the United Kingdom, the European Union, and Singapore, and is also in the process of registration with the trademark office of Korea, and other intellectual property rights are critical to our success. Any unauthorized use of our trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as the United States, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use are difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

As internet domain name rights are not rigorously regulated or enforced in China, other companies may incorporate in their domain names elements similar in writing or pronunciation to the “ATIF”, “CNNM,” and “INTERNATIONAL SCHOOL OF FINANCE,” and “IPOEX” trademarks or their Chinese equivalents. This may result in confusion between those companies and our company and may lead to the dilution of our brand value, which could adversely affect our business.

We depend heavily on a limited number of clients.

We have derived, and believe that we will continue to derive, a significant portion of our revenue from a limited number of clients for which we perform large projects. In addition, revenue from a large client may constitute a significant portion of our total revenue in any particular quarter. The loss of any of our large clients for any reason, including as a result of the acquisition of that client by another entity, our failure to meet that client's expectations, the client's decision to reduce spending on projects, or failure to collect amounts owed to us from our client could have a material adverse effect on our business, financial condition and results of operations.

We rely on information management systems and any damage, interruption or compromise of our information management systems or data could disrupt and harm our business.

We rely upon information technology systems and networks, some of which are managed by third parties, to process, transmit, and store electronic information in connection with the operation of our business. Additionally, we collect and store data that is sensitive to our company. Operating these information technology systems and networks and processing and maintaining this data, in a secure manner, are critical to our business operations and strategy. Our information management systems and the data contained therein may be vulnerable to damage, including interruption due to power loss, system and network failures, operator negligence and similar causes.

The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and often are not recognized until launched against a target, or even some time after. We may be unable to anticipate these techniques, implement adequate preventative measures or remediate any intrusion on a timely or effective basis even if our security measures are appropriate, reasonable, and/or comply with applicable legal requirements. Certain efforts may be state-sponsored and supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. Insider or employee cyber and security threats are also a significant concern for all companies, including ours. Given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising, misappropriation, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Any significant compromise of our information management systems or data could impede or interrupt our business operations and may result in negative consequences including loss of revenue, fines, penalties, litigation, reputational damage, inability to accurately and/or timely complete required filings with government entities including the SEC and the Internal Revenue Service, unavailability or disclosure of confidential information (including personal information) and negative impact on our stock price.

We may not be successful in the implementation of our business strategy or our business strategy may not be successful, either of which will impede our development and growth.

We do not know whether we will be able to continue successfully implementing our business strategy or whether our business strategy will ultimately be successful. In assessing our ability to meet these challenges, a potential investor should take into account our lack of operating history, our management's relative inexperience, the competitive conditions existing in our industry and general economic conditions. Our growth is largely dependent on our ability to successfully implement our business strategy. Our revenues may be adversely affected if we fail to implement our business strategy or if we divert resources to a business strategy that ultimately proves unsuccessful.

Our service offerings may not be accepted.

We constantly seek to modify our service offerings to the marketplace. As is typically the case evolving service offerings, anticipation of demand and market acceptance are subject to a high level of uncertainty. The success of our service offerings primarily depends on the interest of our customers. In general, achieving market acceptance for our services will require substantial marketing efforts and the expenditure of significant funds, which we may not have available, to create awareness and demand among customers.

These risks could materially affect our business, results of operation or financial condition and affect the value of our securities. Additional risks and uncertainties that are not yet identified may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment. You could lose all or part of your investment. For more information, see "Where You Can Find More Information."

Risks Relating to Doing Business in China

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

If the Company is engaged by clients in mainland China and Hong Kong and we derive revenue from mainland China and Hong Kong, our business, financial condition, results of operations, and prospects may be influenced, to a degree, by political, economic, and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, including the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a significant portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industries by imposing regulatory guidance or policies. The Chinese government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policies, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government, or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, reduce demand for our services, and weaken our competitive position. The Chinese government has implemented various measures to encourage economic growth and guided the allocation of various types of resources. Some of these measures may benefit the overall Chinese economy, but others may have a negative effect on our operations.

The legal system in the PRC is not as developed as in some other jurisdictions, such as the U.S. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and the enforcement of these laws, regulations and rules involves uncertainties. Uncertainties arising from the legal system in China, including uncertainties regarding the interpretation and enforcement of PRC laws and the possibility that regulations and rules can change quickly with little advance notice, could hinder our ability to offer or continue to offer securities, result in a material adverse change to our client's business operations and our ability to provide them services, which could materially and adversely affect our financial condition and results of operations and cause our securities to significantly decline in value or become worthless.

The Chinese government exerts substantial influence over the manner in which we conduct our business activities in PRC.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulations and state ownership. Our ability and our PRC clients' ability to conduct business in China may be harmed by changes in its laws and regulations, including those relating to taxation, property and other matters, which could result in a material change in our operations, our PRC clients' operations and the value of the securities we are registering. The central or local governments of these jurisdictions may impose new and restrictive regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China, and result in a material change in our operations and/or that of our clients.

For example, the Chinese cybersecurity regulator announced on July 2, 2021, that it had begun an investigation of Didi Global Inc. (NYSE: DIDI) and two days later ordered that Didi Global Inc.'s application be removed from all the smartphone application stores in China.

Given the example of Didi Global Inc. and recent statements of by the Chinese government indicating an intent to exert more oversight and control overseas offerings and foreign investments in Chinese companies, our Chinese clients' business may be subject to various government and regulatory interference once our Chinese clients' shares are listed on a US stock exchange and such regulatory actions could significantly limit or completely hinder our ability to offer or continue to offer our services to our clients in China and directly impact our revenue.

Although we are currently not required to obtain any permission from any PRC government to conduct business in China, it will remain uncertain when and whether we will be required to obtain any permission from the PRC government to provide services to Chinese companies, and even when we obtain such permission in accordance with the new rules and regulations, it will be unclear whether such permission will be rescinded or revoked at some point in time.

Changes in the policies of the PRC government could have a significant impact upon our ability to generate revenue from the PRC.

Currently, a significant portion of our clients operate and generate their revenue in the PRC. Accordingly, economic, political and legal developments in the PRC will significantly impact our customers' business, financial condition, results of operations and prospects. Policies of the PRC government can have significant effects on economic conditions in the PRC and the ability of businesses to operate profitably. As a result of our customers' business operation, our ability to conduct a profitable business in the PRC may be adversely affected by changes in policies by the PRC government, including changes in laws, regulations or their interpretation. As of the date of this annual report, we have not been involved in any investigations on cybersecurity review initiated by any PRC regulatory authority, nor have we received any inquiry, notice, or sanction related to cybersecurity review under the Cybersecurity Review Measures.

We have been closely monitoring China’s regulatory developments regarding any approvals from the CSRC, the CAC, or other PRC regulatory authorities required for our business operations. However, significant uncertainty remains about enacting, interpreting, and implementing regulatory requirements related to overseas securities offerings and other capital markets activities. The PRC government may take actions to exert more oversight and control over offerings by China-based issuers conducted overseas and/or foreign investment in such companies, which could significantly limit or ultimately hinder our ability to offer or continue to offer services to companies looking to get listed outside China and which might impact our revenue. If it is determined in the future that the approval or permissions of the CSRC, the CAC, or any other regulatory authority is required for the business operations and if we do not receive or maintain the approvals or permissions, or if we inadvertently conclude that such approvals or permissions are not required, or applicable laws, regulations, or interpretations change such that we are required to obtain approvals or permissions in the future, we may be subject to investigations by competent regulators, fines or penalties, ordered to suspend our relevant operations and rectify any non-compliance, or take other actions prohibited from engaging in a relevant business or conducting any offering. These risks could result in a material adverse change in our operations, significantly impact our revenue or ultimately hinder our ability to offer or continue to offer securities to investors, or cause such securities to decline in value or become worthless.

In light of recent events indicating greater oversight by the CAC over data security, we may be subject to a variety of PRC laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have a material adverse effect on our business, our listing on the Nasdaq Capital Market, financial condition, results of operations, and the offering.

The Chinese regulatory requirements with respect to cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations, and significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. Failure to comply with the PRC cybersecurity and data privacy requirements in a timely manner, or at all, may subject our clients to government enforcement actions and investigations, fines, penalties, suspension or disruption of their operations, among other things. The Chinese Cybersecurity Law, which was adopted by the National People’s Congress on November 7, 2016 and came into force on June 1, 2017, provide that personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and the Cybersecurity Review Measures which became effective on February 15, 2022, provided that if a critical information infrastructure operator purchases internet products and services that affect or may affect national security, it should be subject to cybersecurity review by the CAC. Due to the lack of further interpretations, the exact scope of what constitute a “CIIO” remains unclear. Further, the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws.

On June 10, 2021, the Standing Committee of the National People’s Congress promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law requires that data shall not be collected by theft or other illegal means, and also provides for a data classification and hierarchical protection system. The data classification and hierarchical protection system puts data into different groups according to its importance in economic and social development, and the damages it may cause to national security, public interests, or the legitimate rights and interests of individuals and organizations in case the data is falsified, damaged, disclosed, illegally obtained or illegally used. In addition, 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, according to which, a cybersecurity review is conducted by the CAC, to assess potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Measures of Cybersecurity Review further, if effective, would require that critical information infrastructure operators and services and data processing operators that possess personal data of at least one (1) million users must apply for a review by the Cybersecurity Review Office of PRC, if they plan to conduct securities listings on foreign exchanges. In addition to the new Measures of Cybersecurity Review, it also remains uncertain whether any future regulatory changes may impose additional restrictions on our clients.

It remains uncertain as to how the Cybersecurity Review Measures will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures. Our clients may experience disruptions to their operations should they be required to have a cybersecurity review by the CAC. Any cybersecurity review could also result in uncertainty to their US stock exchange listing, future offerings, negative impacts on our share trading prices and diversion of our managerial and financial resources.

We may face negative tax implications due to the termination of the VIE structure.

We have terminated the VIE structure to mitigate the potential risks arising from the PRC government provision of new guidance to and restrictions on China-based companies raising capital offshore and currently have no VIE structure in the corporate group. However, if the relevant PRC tax authority determines that the Exclusive Service Agreement under the terminated VIE arrangements had no reasonable business purpose and involved unreasonable transfer pricing, there might be potential tax liabilities on ATIF BVI. According to the provision under the PRC Enterprise Income Tax Law, if the business transactions between related parties do not comply with principle of independent transaction and reduce the taxable income or income, the tax authorities are entitled to make an adjustment by using a reasonable method. Therefore, we cannot provide any assurance that there is no retrospective tax or other liabilities or consequences on us due to the winding-up of the VIE structure.

Risks related to a future determination that the Public Company Accounting Oversight Board (the “PCAOB”) is unable to inspect or investigate our auditor completely.

The audit report included in our annual report on Form 20-F for the year ended July 31, 2021, was issued by ZH CPA, a U.S.-based accounting firm that is registered with the PCAOB and can be inspected by the PCAOB. We have no intention of dismissing ZH CPA in the future or of engaging any auditor not based in the U.S. and not subject to regular inspection by the PCAOB. There is no guarantee, however, that any future auditor engaged by the Company would remain subject to full PCAOB inspection during the entire term of our engagement. The PCAOB is currently unable to conduct inspections in China without the approval of Chinese government authorities. If it is later determined that the PCAOB is unable to inspect or investigate our auditor completely, investors may be deprived of the benefits of such inspection. Any audit reports not issued by auditors that are completely inspected by the PCAOB, or a lack of PCAOB inspections of audit work undertaken in China that prevents the PCAOB from regularly evaluating our auditors’ audits and their quality control procedures, could result in a lack of assurance that our financial statements and disclosures are adequate and accurate. In addition, under the HFCAA, our securities may be prohibited from trading on the Nasdaq or other U.S. stock exchanges or in the over the counter trading market in the U.S. if our auditor is not inspected by the PCAOB for three consecutive years, and this ultimately could result in our Ordinary Shares being delisted. Furthermore, on June 22, 2021, the U.S. Senate passed 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.

On December 2, 2021, SEC has announced the adoption of amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. The rules apply to registrants the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate (Commission-Identified Issuers). The final amendments require Commission-Identified Issuers to submit documentation to the SEC establishing that, if true, it is not owned or controlled by a governmental entity in the public accounting firm’s foreign jurisdiction. The amendments also require that a Commission-Identified Issuer that is a “foreign issuer,” as defined in Exchange Act Rule 3b-4, provide certain additional disclosures in its annual report for itself and any of its consolidated foreign operating entities. Further, the adopting release provides notice regarding the procedures the SEC has established to identify issuers and to impose trading prohibitions on the securities of certain Commission-Identified Issuers, as required by the HFCAA. The SEC will identify Commission-Identified Issuers for fiscal years beginning after Dec. 18, 2020. A Commission-Identified Issuer will be required to comply with the submission and disclosure requirements in the annual report for each year in which it was identified. If a registrant is identified as a Commission-Identified Issuer based on its annual report for the fiscal year ended Dec. 31, 2021, the registrant will be required to comply with the submission or disclosure requirements in its annual report filing covering the fiscal year ended Dec. 31, 2022.

Risks Relating to the our Ordinary Shares

The Warrants we sold in a Private Placement Completed on November 5, 2020 contain repricing features which may have the effect of limiting our ordinary share price and make it more expensive to raise capital in the future.

In a November 5, 2020, private placement, we sold warrants to purchase 869,565 Ordinary Shares at an exercise price of \$4.60 per Ordinary Share. Each warrant will expire five years from the date of issuance. The warrant exercise price may be subject to adjustment in the event that we issue certain securities at prices below the then exercise price. In connection with our reverse stock split, the exercise price for these warrants were repriced at \$2.74 per ordinary share. Until these warrants all exercised, these repricing exercise features may have the effect of limiting our ordinary share price and make it more expensive to raise capital in the future. As of July 31, 2023, 563,855 warrants have been exercised for 459,986 Ordinary Shares, among which 389,855 warrants were exercised at \$2.74 per ordinary share for an aggregate total of \$1.1 million, and the remaining 174,000 warrants were cashless exercises.

Sales of a significant number of our Ordinary Shares in the public market, or the perception that such sales could occur, could depress the market price of our Ordinary Shares.

In connection with a private placement of warrants to purchase 869,565 Ordinary Shares that closed on November 5, 2020, we have filed a registration statement allowing the holders of the warrants to resale the Ordinary Shares that they may acquire upon the exercise thereof in the public market. The exercise of the warrants and subsequent sales of those Ordinary Shares in the public market could depress the market price of our Ordinary Shares and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our Ordinary Shares would have on the market price of our Ordinary Shares.

Our largest shareholder owns approximately 54.7% of our Ordinary Shares, which will allow him the ability to elect directors and approve matters requiring shareholder approval by way of resolution of members.

Mr. Jun Liu, who is our President, Chief Executive Officer and Chairman of the Board, is currently the beneficial owner of 5,268,330 ordinary shares (as adjusted to reflect the Reverse Split), or 54.7% of our current outstanding Ordinary Shares (36.0% directly held by Tianzhen Investments Limited, an entity 100% owned by Mr. Liu, and the remaining 19.0% that may be deemed to be beneficially owned by Mr. Liu through the assignment of a proxy agreement entered with Eno Group Limited on September 30, 2018 to Tianzhen Investments Limited on February 10, 2021). Mr. Liu has the power to elect all directors and approve all matters requiring shareholder approval without the votes of any other shareholder, significant influence over a decision to enter into any corporate transaction, and the ability to prevent any transaction that requires the approval of shareholders, regardless of whether or not our directors or other shareholders believe that such a transaction is in our best interests. Such concentration of voting power could have the effect of delaying, deterring, or preventing a change of control or other business combination, which could, in turn, have an adverse effect on the market price of our Ordinary Shares or prevent our shareholders from realizing a premium over the then-prevailing market price for their Ordinary Shares.

Since we are deemed a “controlled company” under the Nasdaq listing rules, we may follow certain exemptions from certain corporate governance requirements that could adversely affect our public shareholders.

Our largest shareholder owns more than a majority of the voting power of our outstanding ordinary shares. Under the Nasdaq listing rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a “controlled company” and is permitted to phase in its compliance with the independent committee requirements. Although we do not intend to rely on the “controlled company” exemptions under the Nasdaq listing rules even though we are deemed a “controlled company,” we could elect to rely on these exemptions in the future. If we were to elect to rely on the “controlled company” exemptions, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. Accordingly, if we rely on the exemptions, during the period we remain a controlled company and during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

We do not intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in our Ordinary Shares if the market price of our Ordinary Shares increases.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We are subject to reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal controls over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. As we are an "emerging growth company," we are expected to first include a management report on our internal controls over financial reporting in our annual report in the second fiscal year end following the effectiveness of our IPO. As such, these requirements applied to our annual report on Form 10-K for the fiscal year ending on July 31, 2023. Our management may conclude that our internal controls over our financial reporting are not effective. Moreover, even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may still decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

Prior to our IPO, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. We plan to remedy our material weaknesses and other control deficiencies in time to meet the deadline imposed by Section 404 of the Sarbanes-Oxley Act. If we fail to timely achieve or maintain the adequacy of our internal controls, we may not be able to conclude that we have effective internal controls over financial reporting. Moreover, effective internal controls over financial reporting are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to achieve and maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our Ordinary Shares. Furthermore, we anticipate that we will incur considerable costs and devote significant management time and efforts and other resources to comply with Section 404 of the Sarbanes-Oxley Act.

If securities or industry analysts do not publish research or reports about our business, or if they publish a negative report regarding our Ordinary Shares, the price of our Ordinary Shares and trading volume could decline.

The trading market for our Ordinary Shares may depend in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade us, the price of our Ordinary Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price of our Ordinary Shares and the trading volume to decline.

The market price of our Ordinary Shares may be volatile or may decline regardless of our operating performance.

The market price of our Ordinary Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

Because we are an “emerging growth company,” we may not be subject to requirements that other public companies are subject to, which could affect investor confidence in us and our Ordinary Shares.

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of certain exemptions from disclosure and other requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important. After we are no longer an “emerging growth company,” we expect to incur significant additional expenses and devote substantial management effort toward ensuring compliance increased disclosure requirements.

Because we have ceased to qualify as a foreign private issuer, we are required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we will incur significant additional legal, accounting, and other expenses that we would not incur as a foreign private issuer.

Because we are no longer a foreign private issuer, we are no longer exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are no longer exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are now required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States domestic issuers, and we are now required to disclose in our periodic reports all of the information that United States domestic issuers are required to disclose.

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 and the price of our Ordinary Shares.

We do not believe that we are an “investment company” under the Investment Company Act of 1940 (the “1940 Act”). Generally, a person is an “investment company” if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and would have a material adverse effect on our business and the price of our Ordinary Shares.

Anti-takeover provisions in our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control.

Some provisions in our 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, among other things, the following:

- provisions that permit our board of directors by resolution to amend certain provisions of the memorandum and articles of association, including to create and issue classes of shares with preferred, deferred or other special rights or restrictions as the board of directors determine in their discretion, without any further vote or action by our shareholders. If issued, the rights, preferences, designations, and limitations of any class of preferred shares would be set by the board of directors by way of amendments to relevant provisions of the memorandum and articles of association and could operate to the disadvantage of the outstanding ordinary shares the holders of which would not have any pre-emption rights in respect of such an issue of preferred shares. Such terms could include, among others, preferences as to dividends and distributions on liquidation, or could be used to prevent possible corporate takeovers; and
- provisions that restrict the ability of our shareholders holding in aggregate less than thirty percent (30%) of the outstanding voting shares in the company to call meetings and to include matters for consideration at shareholder meetings.

Because we are a BVI company, you may be unable to bring an action against us or our officers and directors or to enforce any judgment you may obtain.

We are incorporated in the BVI and some of our directors and officers reside outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe we have violated your rights, either under United States federal or state securities laws or otherwise, or if you have a claim against us. Even if you are successful in bringing an action of this kind, the laws of the BVI may not permit you to enforce a judgment against our assets outside of the United States or the assets of our directors and officers.

Our board of directors may decline to register transfers of ordinary shares in certain circumstances.

Our board of directors may, in its sole discretion, decline to register any transfer of any Ordinary Share issued in certificated form, which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any share issued in certificated form in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four. A shareholder wishing to transfer its Ordinary Shares is liable to pay to the Company a fee of such maximum sum as Nasdaq Capital Market may determine to be payable, or such lesser sum as our board of directors may from time to time require in respect thereof.

If our directors refuse to register a transfer they shall, within one month after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of 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.

Certain types of class or derivative actions generally available under U.S. law may not be available as a result of the fact that we are incorporated in the BVI. As a result, the rights of shareholders may be limited.

Whilst statutory provisions do exist in British Virgin Islands law for derivative actions to be brought in certain circumstances, these rights may be more limited than the rights afforded to minority shareholders under the laws of states in the United States and shareholders of BVI companies may not have standing to initiate a shareholder derivative action in a court of the United States. Furthermore, questions of interpretation of our memorandum and articles of association will be questions of BVI law and determined by the BVI courts. In any event, the circumstances in which any such action may be brought, if at all, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a BVI company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The BVI courts are also unlikely to recognize or enforce against us judgments of courts in the United States based on certain liability provisions of U.S. securities law or to impose liabilities against us, in original actions brought in the BVI, based on certain liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the BVI of judgments obtained in the United States, although the courts of the BVI will in certain circumstances recognize such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary provided that:

- (i) the U.S. court issuing the judgment had jurisdiction in the matter and the company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; is final and for a liquidated sum;
- (ii) the judgment given by the U.S. court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the company;
- (iii) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- (iv) recognition or enforcement of the judgment would not be contrary to public policy in the BVI; and
- (v) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

In appropriate circumstances, a BVI Court may give effect in the British Virgin Islands to other kinds of final foreign judgments such as declaratory orders, orders for performance of contracts and injunctions.

You may have more difficulty protecting your interests than you would as a shareholder of a U.S. corporation.

Our corporate affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, the BVI Business Companies Act, 2004 as amended from time to time (the “BVI Act”) and the common law of the BVI. The rights of shareholders and the statutory duties and fiduciary responsibilities of our directors and officers under BVI law may not be clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law.

These rights and responsibilities are governed by our amended and restated memorandum and articles of association, the BVI Act and the common law of the BVI. The common law of the BVI is derived in part from judicial precedent in the BVI as well as from English common law, which has persuasive, but not binding, authority on a court in the BVI. In addition, BVI law does not make a distinction between public and private companies and some of the protections and safeguards (such as statutory pre-emption rights, save to the extent expressly provided for in the amended and restated memorandum and articles of association) that investors may expect to find in relation to a public company are not provided for under BVI law.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the BVI regulations governing the securities of BVI companies may not be as extensive as those in effect in the United States, and the BVI law and regulations regarding corporate governance matters may not be as protective of minority shareholders as state corporation laws in the United States. Therefore, you may have more difficulty protecting your interests in connection with actions taken by our directors and officers or our principal shareholders than you would as a shareholder of a corporation incorporated in the United States.

The laws of BVI provide limited protections for minority shareholders, so minority shareholders will not have the same options as to recourse in comparison to the United States if the shareholders are dissatisfied with the conduct of our affairs.

Under the laws of the BVI there is limited statutory protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protections under BVI statutory law are derivative actions, actions brought by one or more shareholders for relief from unfair prejudice, oppression and unfair discrimination and/or to enforce the BVI Act or the amended and restated memorandum and articles of association. Shareholders are entitled to have the affairs of the company conducted in accordance with the BVI Act and the amended and restated memorandum and articles of association, and are entitled to payment of the fair value of their respective shares upon dissenting from certain enumerated corporate transactions.

The common law of the BVI is derived in part from judicial precedent in the BVI as well as from English common law, which has persuasive, but not binding, authority on a court in the BVI. There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the BVI is less extensive than that of England. Under the general rule pursuant to English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company’s affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constitutional documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company’s memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (i) a company is acting or proposing to act illegally or beyond the scope of its authority; (ii) the act complained of, although not beyond the scope of the authority, could only be effected if duly authorized by more than the number of votes which have actually been obtained; (iii) the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or (iv) those who control the company are perpetrating a “fraud on the minority.”

These rights may be more limited than the rights afforded to minority shareholders under the laws of states in the United States.

There are no pre-emptive rights in favor of holders of ordinary shares so you may not be able to participate in future equity offerings.

There are no pre-emptive rights applicable under the BVI Act or the amended and restated memorandum and articles of association in favor of holders of ordinary shares in respect of further issues of shares of any class. Consequently, you will not be entitled under applicable law to participate in any such future offerings of further ordinary shares or any preferred or other classes of shares.

If we are classified as a passive foreign investment company, United States taxpayers who own our Ordinary Shares may have adverse United States federal income tax consequences.

A non-U.S. corporation such as ourselves will be classified as a passive foreign investment company, which is known as a PFIC, for any taxable year if, for such year, either

- At least 75% of our gross income for the year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during the taxable year which produce passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds our ordinary shares, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Depending on the amount of assets held for the production of passive income, it is possible that, for our 2022 taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income. We will make this determination following the end of any particular tax year. For purposes of the PFIC analysis, in general, according to Internal Revenue Code Section 1297(c), a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the stock by value.

Volatility in the market price of our ordinary shares could lead to losses by investors.

The market price of our ordinary shares has experienced volatility in the past and may experience volatility in the future which could lead to losses for investors. Factors impacting volatility in the market price of our ordinary shares include, amongst others:

- general market and economic conditions;
- our results of operations;
- issuance of new or changed securities analysts' reports or recommendations;
- developments impacting the industry or our competitors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- the public's reaction to press releases, other public announcements by us or third parties, including our filings with the SEC;
- guidance, if any, that we provide to the public, any changes in this guidance or failure to meet this guidance;

- changes in the credit rating of our debt;
- sale, or anticipated sale, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory or political developments;
- our performance on ESG matters
- litigation and governmental investigations;
- changing economic conditions;
- exchange rate fluctuations;
- changes in accounting principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to those events.

In addition, stock markets have from time to time experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. Future fluctuations in stock markets may lead to volatility in the market price of our ordinary shares which could lead to losses by investors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive office and production facility is located in Lake Forest, California, USA, where we lease approximately 7237 square feet of office space. We lease an aggregate of 7237 square feet of property from an unrelated third party pursuant to the terms of a lease agreement. The term of the lease is from June 1, 2021 to May 31, 2027, with monthly rental expenses of \$20,000.

In addition, we also lease an office space in Irvine, California, for approximately 4182 square feet of office space for a term of three years from March 1, 2021 to February 29, 2024, and with monthly rental expenses of \$20,073. As of August 25, 2022, we have subleased this office space to an unrelated third party company from August 25, 2022 to March 1, 2024. Our total rent expense was approximately \$0.5 million and \$0.5 million for the years ended July 31, 2023 and 2022, respectively.

We believe that our current leased property is in good condition and suitable for the conduct of our business.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. Except for the litigation disclosed below, we are not currently a party to any legal or arbitration proceeding the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business, operating results, cash flows, or financial condition.

On May 14, 2020, Boustead filed a lawsuit against the Company and Leaping Group Co., Ltd. a limited liability organized under the laws of Cayman Islands (“LGC”) for breaching the underwriting agreement Boustead had with each of the Company and LGC, in which Boustead was separately engaged as the exclusive financial advisor to provide financial advisory services to the Company and LGC.

In April 2020, the Company acquired 51.2% equity interest in LGC after LGC terminated its efforts to launch an IPO on its own. Boustead alleged that the acquisition transaction between the Company and LGC was entered into during the lockup period of the exclusive agreement between Boustead and LGC, and therefore deprived Boustead of compensation that Boustead would otherwise have been entitled to receive under its exclusive agreement with LGC. Therefore, Boustead is attempting to recover from the Company an amount equal to a percentage of the value of the transaction it conducted with LGC.

Boustead’s Complaint alleged four causes of action against the Company, including breach of contract; breach of the implied covenant of good faith and fair dealing; tortious interference with business relationships and quantum meruit.

On October 6, 2020, we filed a motion to dismiss Boustead’s Complaint pursuant to Federal Rule of Civil Procedure 12(b)(6) and 12(b)(5). On October 9, 2020, the United States District Court for the Southern District of New York directed Boustead to respond to the motion or amend its Complaint by November 10, 2020. Boustead opted to amend its complaint and filed the amended complaint on November 10, 2020. Boustead’s first amended complaint asserted the same four causes of action against LGC and us as its original complaint. We filed another motion to dismiss Boustead’s amended complaint on December 8, 2020.

On August 25, 2021, the United States District Court for the Southern District of New York granted ATIF’s motion to dismiss Boustead’s first amended complaint. In its order and opinion, the United States District Court for the Southern District of New York allowed Boustead to move for leave to amend its causes of action against us as to breach of contract and tortious interference with business relationships, but not breach of the implied covenant of good faith and fair dealing and quantum meruit. On November 4, 2021, Boustead filed a motion seeking leave to file a second amended complaint to amend its cause of action for Breach of Contract. The Court granted Boustead’s motion for leave and Boustead filed the second amended complaint on December 28, 2021 alleging only breach of contract and dropping all other causes of action alleged in the original complaint. On January 18, 2022, the Company filed a motion to dismiss Boustead’s second amended complaint. Boustead filed its opposition on February 1, 2022 and the Company replied on February 8, 2022.

On July 6, 2022, the Court denied our motion to dismiss the second amended complaint. Thereafter, on August 3, 2022, the Company filed a motion to compel arbitration. Briefing on the Company’s motion to compel concluded on August 23, 2022. Since the agreement between ATIF and Boustead contains a valid arbitration clause that applies to Boustead’s breach of contract claim, and the parties have not engaged in discovery, on February 14, 2023, the Court ordered that ATIF’s motion to compel arbitration is granted and this case is stayed pending arbitration.

On March 10, 2023, Boustead, filed Demand for Arbitration against ATIF (the Respondent) before JAMS in California and JAMS case Ref. No. is 5220002783. On May 25, 2023, ATIF filed its answer to deny Boustead’s Demand for Arbitration, which was unsuccessful and the arbitration process was initiated. The arbitrator ordered a motion to be filed by Boustead for a determination of contract interpretation, prior to extensive discovery into issues such as the alleged merits and damages, and to determine whether the contract interpretation should allow the matter to further proceed. Boustead had filed the Motion for Contract Interpretation Determination. ATIF filed its opposition to that Motion on October 16, 2023. The hearing on the motion was held on November 8, 2023, during which the arbitrator extended the hearing to February 29, 2024. The arbitrator also established December 15, 2023, as the deadline for Boustead to submit its reply regarding the contract interpretation issues raised by the Company. Simultaneously, the Company was granted until February 12, 2024, to present its response brief.

Our management believes it is premature to assess and predict the outcome of this pending arbitration.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market for Ordinary shares

Our Ordinary Shares have been listed on the Nasdaq Capital Market since May 3, 2019, under the symbol "ATIF."

Holders of Record of Ordinary Shares

As of November 13, 2023, we had approximately 29 shareholders of record for our ordinary shares. The foregoing number of shareholders of record does not include an unknown number of shareholders who hold their shares in "street name."

Dividend Policy

We do not intend to pay dividends for the foreseeable future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in our Ordinary Shares if the market price of our Ordinary Shares increases.

Purchases of Equity Securities

Neither we nor any "affiliated purchaser," as defined in Rule 10b-18(a)(3) of the Exchange Act, purchased any of our equity securities during the period covered by this annual report.

Securities Authorized for Issuance Under Equity Compensation Plans.

None.

Recent Sales of Unregistered Securities

In the three years preceding the filing of this registration statement, we issued the securities described below without registration under the Securities Act. Unless otherwise indicated below, the securities were issued pursuant to the private placement exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

On November 6, 2020, in a private placement, we sold to three accredited investors 869,565 Ordinary Shares and warrants to purchase a total of 869,565 Ordinary Shares at an exercise price of \$4.60 per share which are exercisable for five years from the date of issuance. We also issued to the placement agent warrants to purchase 78,261 ordinary shares at an exercise price equal to \$4.60 and are exercisable 180 days after November 3, 2020.

ITEM 6. [RESERVED]

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

The discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in this Annual Report on Form 10-K. Some of the statements contained in the following discussion of the Company’s financial condition and results of operations refer to future expectations or include other “forward-looking” information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated, including, but not limited to, those discussed in Part I, Item 1A of this report under the heading “Risk Factors,” which are incorporated herein by reference. See “Special Note regarding Forward-Looking Statements” included in this Report on Form 10-K for a discussion of factors to be considered when evaluating forward-looking information detailed below. These factors could cause our actual results to differ materially from the forward-looking statements.

Business Overview

We offer financial consulting services to small and medium-sized enterprise customers in Asia and North America. Our goal is to become an international financial consulting company with clients and offices throughout Asia. Since our inception in 2015, the focus of our consulting business has been providing comprehensive going public consulting services designed to help SMEs become public companies on suitable markets and exchanges.

On January 4, 2021, we established an office in California, USA, through our wholly owned subsidiary ATIF Inc., a California corporation, and launched, in addition to our business consulting services, additional service models consisting of asset management, investment holding and media services to expand our business with a flexible business concept to achieve a goal of high growth revenue and strong profit growth.

Reverse Split

On August 12, 2021, our Board of Directors approved a reverse stock split (the “Reverse Split”) of our issued and outstanding ordinary shares, par value \$0.001 per share, at a ratio of 1 -for-5 so that every five (5) shares issued and outstanding on the date of the Reverse Split was combined into one (1) ordinary share, US\$0.005 par value. Shareholders otherwise entitled to receive a fractional share as a result of the reverse stock split will receive a whole share in lieu of such fractional share, as relevant. Both before and after completion of the Reverse Split, the Company is and will be authorized to issue 100,000,000,000 ordinary shares of US\$0.001 par value each. As a result of the Reverse Split, the Company’s issued and outstanding ordinary shares was reduced from 45,806,952 ordinary shares of US\$0.001 par value each to approximately 9,161,390 ordinary shares of par value \$0.005 per share. On August 23, 2021, we amended our Memorandum of Association and Articles of Association in connection with our one -for- five reverse stock split to amend the par value back to \$0.001 per ordinary share. Our ordinary shares, as adjusted per the Reverse Split, began trading on the Nasdaq Capital Market on August 30, 2021.

Recent Updates

On October 6 and October 7, 2022, ATIF Inc., a wholly owned subsidiary of ATIF, established ATIF Business Consulting LLC (“ATIF BC”) and ATIF Business Management LLC (“ATIF BM”) under the laws of California of the United States, respectively.

On August 1, 2022, ATIF USA entered into and closed a Sale and Purchase Agreement (the “Agreement”) with Asia Time (HK) International Finance Service Limited (the “Buyer”), pursuant to which the Company sold all of its equity interest in ATIF GP for cash consideration of US\$50,000 (the “Agreement”). The management believed the disposition does not represent a strategic shift because it is not changing the way it is running its business. The Company has not shifted the nature of its operations. The termination is not accounted as discontinued operations in accordance with ASC 205-20. Upon the closing of the Agreement, ATIF GP is no longer our subsidiary and ATIF USA ceased to be the investment manager of ATIF LP.

As of July 31, 2023, we had one reporting segment, which is the provision of financial consulting services.

Our financial consulting services

Currently we provide consulting services to the companies based in North America seeking listing in U.S.. We launched our consulting services in 2015. Our aim was to assist Chinese enterprises by filling the gaps and forming a bridge between PRC companies and overseas stock markets and exchanges. We have a team of qualified and experienced personnel with legal, regulatory, and language expertise in several jurisdictions outside the U.S. Our services were designed to help small and medium-sized enterprises (“SME”) in China achieve their goal of becoming public companies. In May 2022, we shifted our geographic focus from China to North America emphasizing on helping mid and small companies in North America become public companies on the U.S. capital markets. We would create a going public strategy for each client based on many factors of such client, including our assessment of the client’s financial and operational situations, market conditions, and the client’s business and financing requirements. Since our inception and up to the date of this report, we have successfully helped three Chinese enterprises to be quoted on the U.S. OTC markets and are currently assisting our other clients in their respective going public efforts. Most of our current and past clients have been Chinese, U.S. and Mexican companies, and we plan to expand our operations to other Asian countries, such as Malaysia, Vietnam, and Singapore with continuing focus on the North American market in the coming years.

For the years ended July 31, 2023 and 2022, we provided consulting services to three and three customers, respectively, which primarily engaged the Company to provide consulting services relating to going public in the US through IPO, reverse merger and acquisition. On May 31, 2022, we completed the transfer of our equity interest in ATIF HK and Huaya, through which we provided consulting services to Chinese companies. We plan to focus on providing consulting services to customers based in North America and other areas and intend to continue cooperating with Huaya in connection with the expansion and provision of our business services in China. From April 2022 through the date of this report, the Company entered into consulting agreements with five customers, among which four are based in the North America.

Our total revenue generated from consulting services amounted to \$2.5 million and \$1.7 million for the years ended July 31, 2023 and 2022, respectively.

Key Factors that Affect our Business

We believe the following key factors may affect our consulting services:

Our business success depends on our ability to acquire customers effectively.

Our customer acquisition channels primarily include our sales and marketing campaigns and existing customer referrals. In order to acquire customers, we have made significant efforts in building mutually beneficial long-term relationships with local government, academic institutions, and local business associations. In addition, we also market our consulting services through social media, such as WeChat and Weibo. If any of our current customer acquisition channels becomes less effective, we are unable to continue to use any of these channels or we are not successful in using new channels, we may not be able to attract new customers in a cost-effective manner or convert potential customers into active customers or even lose our existing customers to our competitors. To the extent that our current customer acquisition and retention efforts become less effective, our service revenue may be significantly impacted, which would have a significant adverse effect on our revenues, financial condition, and results of operations.

Our consulting business faces strong market competition.

We are currently facing intense market competition. Some of our current or potential competitors have significantly more financial, technical, marketing, and other resources than we do and may be able to devote greater resources to the development, promotion, and support of their customer acquisition and retention channels. In light of the low barriers to entry into the financial consulting industry, we expect more players to enter this market and increase the level of competition. Our ability to differentiate our services from other competitors will have a significant impact on our business growth in the future.

Our business depends on our ability to attract and retain key personnel.

We rely heavily on the expertise and leadership of our directors and officers to maintain our core competence. Under their leadership, we have been able to achieve rapid expansion and significant growth since our inception in 2015. As our business scope increases, we expect to continue to invest significant resources in hiring and retaining a deep talent pool of financial consultancy professionals. Our ability to sustain our growth will depend on our ability to attract qualified personnel and retain our current staff.

Results of Operations

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

	For the years ended		Changes	
	July 31, 2023	July 31, 2022	Amount Increase (Decrease)	Percentage Increase (Decrease)
Revenues – third parties	\$ 1,150,000	\$ 905,310	\$ 244,690	27%
Revenues – a related party	1,300,000	762,000	538,000	71%
Revenues	\$ 2,450,000	\$ 1,667,310	\$ 782,690	47%
Cost of revenues	-	660,000	(660,000)	(100)%
Gross profit	2,450,000	1,007,310	1,442,690	143%
Operating expenses:				
Selling expenses	207,238	569,529	(362,291)	(64)%
General and administrative expenses	2,241,626	2,651,361	(409,735)	(15)%
Provision against accounts receivable due from a related party	762,000	-	762,000	100%
Total operating expenses	3,210,864	3,220,890	10,026	0%
Loss from operations	(760,864)	(2,213,580)	(1,452,716)	(66)%
Other income (expenses):				
Interest income, net	1,874	354,832	(352,958)	(99)%
Other income (expenses), net	314,518	(123,296)	(437,814)	(355)%
Provision against due from buyers of LGC	(2,654,767)	-	2,654,767	100%
Gain (loss) from investment in trading securities	192,102	(2,432,107)	(2,624,209)	(108)%
Gain from disposal of subsidiaries and VIE	56,038	1,043,052	(987,014)	(95)%
Total other expense, net	(2,090,235)	(1,157,519)	932,716	81%
Loss before income taxes	(2,851,099)	(3,371,099)	(522,000)	(15)%
Income tax provision	(31,200)	-	(31,200)	100%
Net loss	\$ (2,882,299)	\$ (3,371,099)	\$ (488,800)	(14)%

Revenues. Our total revenue increased by \$0.8 million, or 47%, from \$1.7 million in fiscal year 2022, to \$2.5 million in fiscal year 2023, primarily attributable to an increase of \$0.5 million from consulting services to related parties.

The increase in revenues from related parties was primarily because we provided consulting services to more customers on behalf of related parties. For the year ended July 31, 2023, we provided consulting services to two customers on behalf of a related party, while for the same period ended July 31, 2022, we provided consulting services to one customer on behalf of a related party.

Cost of revenues. We incurred cost of revenues of \$0.7 million in the year ended July 31, 2022 which was mainly incurred for direct costs including purchase of a shell company on the over-the-counter (“OTC”) market and consulting expenses for one customer. For the year ended July 31, 2023, we did not incur such expenses.

Selling expenses. Selling expenses decreased by \$0.4 million, or 64%, from \$0.6 million in year ended July 31, 2022 to \$0.2 million in the same period ended July 31, 2023. Our selling expenses primarily consisted of outsourced service fees charged by third-party service providers, business development expenses, potential customer referral commissions, salary and welfare expenses of our business development team, and business travel expenses. The decrease in our selling expenses was primarily due to a decrease of \$0.3 million in consulting expenses. For the year ended July 31, 2023, the Company identified potential customers on its own and did not engage consultants to develop new customers. Accordingly, the Company did not incur consulting expenses for the year ended July 31, 2023.

As a percentage of sales, our selling expenses were 8% and 34% of our total revenues for the years ended July 31, 2023 and 2022, respectively.

General and administrative expenses. Our general and administrative expenses decreased by \$0.4 million, or 15%, from \$2.7 million in fiscal year 2022 to \$2.2 million in fiscal year 2023. Our general and administrative expenses primarily consisted of salary and welfare expenses of management and administrative team, office expenses, operating lease expenses. The decrease in general and administrative expenses was primarily because the general and administrative expenses of the year 2022 included the expenses of \$0.4 million incurred by ATIF HK and Huaya, the equity interest in which were transferred in May 2022.

As a percentage of sales, our general and administrative expenses were 91% and 159% of our total revenues for the years ended July 31, 2023 and 2022, respectively.

Provision against due from buyers of LGC. For the year ended July 31, 2023, the Company provided full provision of \$2,654,767 against the balances due from buyers of LGC as the management assessed it is remote to collect the outstanding balance. The balance due from buyers of LGC arose from our disposition of 51.2% of the equity interest of LGC in January 2021.

Provision against accounts receivable due from a related party. For the year ended July 31, 2023, the Company provided full provision of \$762,000 against the accounts receivable due from Huaya as the management assessed it is remote to collect the outstanding balance.

Interest income, net. For the year ended July 31, 2023, interest income arose from bank deposits. For the year ended July 31, 2022, interest income represented 1) the interest income of \$0.4 million from outstanding balance of \$2.3 million due from buyers of LGC arising from the Company's disposition of 51.2% equity interest in LGC. The interest rate for outstanding balance was 10% per annum, and 2) the minimal interest income from bank deposits.

Gain (loss) from investment in trading securities. Loss from investment in trading securities represented fair value changes from investment in trading securities, which was measured at market price. For the years ended July 31, 2023 and 2022, we recorded an investment gain of \$0.2 million and a loss of \$2.4 million, respectively.

Gain from disposal of subsidiaries. For the year ended July 31, 2023, the Company reported a gain of approximately \$56,000 from disposal of ATIF GP. For the year ended July 31, 2022, the Company reported a gain of \$1.0 million from disposal of ATIF HK and Huaya.

Income taxes. We are incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, we are not subject to tax on income or capital gains in the British Virgin Islands. Additionally, upon payments of dividends to the shareholders, no British Virgin Islands withholding tax will be imposed.

ATIF HK is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate for the first HKD\$2 million of assessable profits is 8.25% and assessable profits above HKD\$2 million will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019.

ATIF HK did not generate any assessable profits arising in or derived from Hong Kong for the period from July 1, 2021 through May 31, 2022 when the Company transferred its equity interests in ATIF HK. Accordingly no provision for Hong Kong profits tax has been made in the period.

Huaya was incorporated in the PRC. Under the Income Tax Laws of the PRC, Huaya is subject to income tax at a rate of 10% under the preferential tax treatment to Smaller-scale Taxpayers for the year ended July 31, 2022.

ATIF Inc, ATIF GP, ATIF LP, ATIF BD, ATIF BC and ATIF BM were established in the U.S and are subject to federal and state income taxes on its business operations. The federal tax rate is 21% and state tax rate is 8.84%. We also evaluated the impact from the recent tax reforms in the United States, including the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and Health and Economic Recovery Omnibus Emergency Solutions Act (“HERO Act”), which were both passed in 2020, No material impact on the ATIF US is expected based on our analysis. We will continue to monitor the potential impact going forward.

Income tax expense was \$31,200 for the year ended July 31, 2023 because our USA subsidiaries were making taxable income during the year of 2023. Income tax expense was \$nil for the years ended July 31, 2022 due to significant net operating loss in fiscal year of 2022 which resulted in taxable losses.

Net loss. As a result of foregoing, net loss was \$2.9 million for the year ended July 31, 2023, a decrease of \$0.5 million from net loss of \$3.4 million in fiscal year 2022.

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash flows from operations, working capital loans from our major shareholders, proceeds from our initial public offering, and equity financing through public offerings of our securities. We plan to support our future operations primarily from cash generated from our operations and cash on hand. However, the Company may need to raise the cash flow from related parties, and there is no assurance that the Company will be able to obtain funds on commercially acceptable terms, if at all.

Liquidity and Going concern

For the years ended July 31, 2023 and 2022, the Company reported a net loss of approximately \$2.9 million and \$3.4 million, respectively, and operating cash outflows from continuing operations of approximately \$2.3 million and \$0.1 million. In assessing the Company’s ability to continue as a going concern, the Company monitors and analyzes its cash and its ability to generate sufficient cash flow in the future to support its operating and capital expenditure commitments.

As of July 31, 2023, the Company had cash of \$0.6 million and accounts receivables of \$0.6 million due from a related party, which were highly liquid. On the other hand, the Company had current liabilities of \$1.5 million, among which \$0.7 million was due to related parties. The balance due to related parties are payable on demand and may be extended. The Company’s ability to continue as a going concern is dependent on management’s ability to successfully execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtain financing from outside sources.

Because of losses from operations, working capital deficit, and the requirement of additional capital to fund our current operating plan at July 31, 2023, these factors indicate the existence of an uncertainty that raises substantial doubt about the Company’s ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

We have not declared nor paid any cash dividends to our shareholders. We do not plan to pay any dividends out of our restricted net assets as of July 31, 2023.

We have limited financial obligations denominated in U.S. dollars, thus the foreign currency restrictions and regulations in the PRC on the dividends distribution will not have a material impact on our liquidity, financial condition, and results of operations.

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

	For the Years Ended	
	July 31,	
	2023	2022
Net cash used in by operating activities	\$ (2,333,899)	\$ (146,944)
Net cash provided by (used in) investing activities	459,816	(1,591,535)
Net cash provided by (used in) financing activities	729,968	(1,960,946)
Effect of exchange rate change on cash	-	(147,178)
Net decrease in cash	(1,144,115)	(3,846,603)
Cash, beginning of year	1,750,137	5,596,740
Cash, end of year	<u>\$ 606,022</u>	<u>\$ 1,750,137</u>

Operating Activities

Net cash used in operating activities was \$2.3 million in fiscal year ended July 31, 2023. Net cash used in operating activities was primarily comprised of net loss of \$2.9 million, adjusted for provision of \$2.7 million against due from buyers of LGC, and provision of \$0.8 million against accounts receivable due from a related party, and net changes in our operating assets and liabilities, principally comprising of (i) an increase of accounts receivable of \$0.7 million due from third parties and \$0.6 million due from a related party, respectively. The increase was in line with increase of revenues, and (ii) a decrease of accrued expenses and other current liabilities of \$2.0 million as the Company was no longer liable to an investment bank for loss making since disposal of ATIF GP.

Net cash used in operating activities was \$0.1 million in fiscal year ended July 31, 2022. Net cash used in operating activities was primarily comprised of net loss of \$3.4 million, adjusted for loss of \$2.4 million from investment in trading securities, and net changes in our operating assets and liabilities, principally comprising of an increase of accounts receivable of \$0.8 million due from a related party, and an increase of accrued expenses and other current liabilities of \$1.8 million as the Company is liable to an investment bank for loss making during the year ended July 31, 2022.

Investing Activities

Net cash provided by investing activities was \$0.4 million in fiscal year 2023, primarily consisting of proceeds of \$0.3 million from disposal of investments in two equity securities, redemption of \$94,799 from short-term investments, proceeds of \$72,000 from disposal of property and equipment, and collection of loans of \$59,000 from a related party, partially offset against loans of \$0.1 million made to a related party.

Net cash used in investing activities was \$1.6 million in fiscal year 2022, primarily consisting of purchase of investment of \$1.4 million in listed equity securities, investment of \$0.3 million in two equity securities, partially offset against proceeds of \$0.2 million from disposal of property and equipment.

Financing Activities

Net cash provided by financing activities was \$0.7 million in fiscal year 2023, which was provided by borrowings of \$0.7 million from a related party.

Net cash used in financing activities was \$2.0 million in fiscal year 2022, primarily consisting of payment of \$3.0 million to three limited partners of ATIF LP, as withdrawal of investment, partially offset by proceeds of \$1.1 million in relation to exercise of warrants by investors who subscribed for ordinary shares offered in registered direct offering which closed in November 2020.

Critical Accounting Policies and Estimate

We prepare our audited consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. As a result, management is required to routinely make judgments and estimates about the effects of matters that are inherently uncertain. Actual results may differ from these estimates under different conditions or assumptions.

Critical accounting policy is both material to the presentation of financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on financial condition or results of operations. Accounting estimates and assumptions may become critical when they are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on financial condition or operating performance.

Critical accounting estimates are estimates that require us to make assumptions about matters that were highly uncertain at the time the accounting estimate were made and if different estimates that we reasonably could have used in the current period, or changes in the accounting estimate that are reasonably likely occur from period to period, have a material impact on the presentation of our financial condition, changes in financial condition or results of operations. Due to the level of activity and lack of complex transactions, we believe there are currently no critical accounting policies and estimates that affect the preparation of our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item begin on page F-1 with the index to financial statements followed by the financial statements.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of July 31, 2023. Based on that evaluation, our management has concluded that, as of July 31, 2023, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized, and reported, within the time periods 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, as appropriate, to allow timely decisions regarding required disclosure. Our conclusion is based on the fact that we do not have sufficient full-time accounting and financial reporting personnel with appropriate levels of accounting knowledge and experience to monitor the daily recording of transactions, to address complex U.S. GAAP accounting issues and the related disclosures under U.S. GAAP. In addition, there was a lack of sufficient documented financial closing procedure and a lack of risk assessment in accordance with COSCO 2013 framework. Our management is currently in the process of evaluating the steps necessary to remediate the ineffectiveness, such as (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, and (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, and (iii) establishing an internal audit function and standardizing the Company's semi-annual and year-end closing and financial reporting processes.

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 such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. In assessing our internal control over financial reporting, prior to the offering in April 2019, we have been a private company with limited accounting personnel and other resources to address our internal controls and procedures. Our independent registered public accounting firm, has not conducted an audit of our internal control over financial reporting. However, in connection with the audits of our consolidated financial statements for the year ended July 31, 2023, we identified four "material weaknesses" in our internal control over financial reporting.

- We did not have sufficient personnel with appropriate levels of accounting knowledge and experience to address complex U.S. GAAP accounting issues and to prepare and review financial statements and related disclosures under U.S. GAAP. Specifically, our control did not operate effectively to ensure the appropriate and timely analysis of and accounting for unusual and non-routine transactions and certain financial statement accounts;
- We have not established an internal control department and had a lack of adequate policies and procedures in internal audit function to ensure that our policies and procedures have been carried out as planned;
- We have not established sufficient risk assessment in accordance with the requirement of COSCO 2013 Framework; and
- We did not have sufficient documented financial closing policies and procedures.

A material weakness is a deficiency, or a combination of deficiencies, within the meaning of PCAOB Auditing Standard AS 2201, 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. We have hired additional accounting staffs and are in the progress of improving our system security environment and conducting regular backup plan and penetration testing to ensure the network and information security. In addition, we plan to address the weaknesses identified above by implementing the following measures:

Furthermore, we are in the process of implementing a number of measures to address the first to third material weakness that has been identified, including:

- 1) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework; and
- 2) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel.

Especially for the identified material weakness related to internal control, we will hire experts to improve and test our internal control and the set up a series of standard and recurring internal audit work procedures before July 2023. We schedule to will perform self-assessment of internal control effectiveness on a continuous basis, which will be led by our accounting and risk management department within year 2023. We will also hire more competent personnel and involve professional service companies to help us implement SOX 404 compliance together with the establishment of our internal audit function.

However, we cannot assure you that we will remediate our material weaknesses in a timely manner.

Attestation Report of the Registered Public Accounting Firm

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm regarding the effectiveness of the Company's internal control over financial reporting, as such report is not required due to the Company's status as a smaller reporting company.

Changes in Internal Control over Financial Reporting

Except as disclosed above, there have been no changes in our internal controls over financial reporting that occurred during fiscal quarter ended July 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENTS INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Significant Employees

The following table and text set forth the names and ages of our current directors, executive officers and significant employees as of the date of this annual report. Our Board of Directors is comprised of five (5) members.

Name	Age	Position(s)
Jun Liu	47	President, Chief Executive Officer, Chairman and Director
Yue Ming	36	Chief Financial Officer and Director
Kwong Sang Liu	62	Independent Director
Yongyuan Chen	61	Independent Director
Lei Yang	43	Independent Director

Business Experience

Mr. Jun Liu has been our director since June 2019, our President and Chairman since July 2020 and our Chief Executive Officer since August 2021, also having previously served as our Chief Executive Officer from June 2019 to July 2020. Since November 2015, Mr. Liu has served as the President and Director of Asian Equity Exchange Group Co., Ltd., a subsidiary of a U.S. public company Asia Equity Exchange Group, Inc. (“AEEEX”), a corporation that develops and manufactures software solutions for equity market. Mr. Liu served as the Chairman of the Board of Directors, President, and CEO of AEEEX from July 2015 to September 2017. From December 2000 to December 2001, he served as the head of marketing for the South China Branch of Alibaba. Mr. Liu received his Ph.D. in International Finance from Camden University U.S.A. in 2015 and his bachelor’s degree in Applied Physics from the Harbin Institute of Technology in 1998. Mr. Liu has over 20 years of enterprise management experience and served in management positions at Fortune 500 companies. Mr. Liu is well qualified to serve on our board of directors based on his management experience and prior executive experience serving in public and private companies.

Ms. Yue Ming has been our Chief Financial Officer (“CFO”) and director since August 2021. She has served as our accountant since August 1, 2018. Prior to joining the Company, she was employed by Asia Equity Exchange Group, Inc. and acted as financial manager from December 1, 2014 to July 31, 2018. Ms. Ming started her accounting career at Shenzhen Huitian Accounting Firm on July 1, 2009 after she graduated from Central China Normal University where she majored in international trade. Ms. Ming has more than 10 years of corporate finance and accounting experience. Based on the above and Ms. Ming’s experience in finance and accounting, we believe that Ms. Ming is well qualified to serve on our board of directors.

Mr. Kwong Sang Liu has served as our independent director since April 2019. Since May 1997, Mr. Liu has managed K.S. Liu & Company, CPA Limited, a company he founded. He is currently a non-executive director in a number of Hong Kong Stock Exchange listed companies. Mr. Liu graduated with honors from the Hong Kong Polytechnic University with a bachelor’s degree in Accountancy in 1997 and obtained a Master of Business Administration degree from the University of Lincoln, England in 2002. He is a chartered tax advisor of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Institute of Financial Accountants of the United Kingdom, the Institute of Public Accountants of Australia, the Institute of Certified Public Accountants of Hong Kong, the Taxation Institute of Hong Kong, and the Society of Registered Financial Planners. Mr. Liu has been a practicing accountant in Hong Kong for over 20 years specializing in audit, taxation and corporate financial advisory. Based on the above qualifications and Mr. Liu’s experience in finance and accountancy, the Company believes Mr. Liu is qualified to be on the Board.

Mr. Yongyuan Chen has served as our independent director since April 2019. He is currently the director of China Commercial Law Co. Australia Pty Limited specializing in foreign investment, merger, and acquisition and intellectual property laws. He received a bachelor’s degree in international law from Jilin University of China in 1986, a Master’s degree in international economic law from Renmin University of China in 1988, and a Doctor’s degree in law from the University of Sydney in 2002. He formerly served as legal counsel of the Ministry of Foreign Economic Relations and Trade, China National Technology Import and Export Corporation, and chief of the Policy and Regulation Division of Shenzhen Science and Technology Bureau. From April 2011, Mr. Chen has worked as senior partner at Guangdong Huashang Law Firm, Sydney Branch. Mr. Chen has been a practicing lawyer in China and Australia for over 20 years. The Board believes that Mr. Chen’s extensive experience and legal background qualifies him to serve on the Board.

Ms. Lei Yang has served as our independent director since August 2021. She received her first master's degree in Information Management from Nanjing University in 2004, and her second master's degree in Accounting from Bentley University in 2010. Ms. Yang is certified by the American Institute of Certified Public Accountants. Ms. Yang has 17 years working experience in several Fortune 500 companies, engaged in business analysis, internal audit, and financial management, etc. She received her first master's degree in Information Management from Nanjing University in 2004, and her second master's degree in Accounting from Bentley University in 2010. Ms. Yang is an American Institute of Certified Public Accountants Certified and an economist. Based on the above qualifications and Ms. Yang's experience in management, the Board believes Ms. Yang is well qualified to serve on the Board.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of our directors or executive officers were involved in any of the following: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Family Relationships and Arrangements

None of the directors or executive officers have a family relationship as defined in Item 401 of Regulation S-K.

Code of Business Conduct and Ethics for Employees, Executive Officers, and Directors

We adopted a code of business conduct and ethics (the "Code of Conduct") on December 11, 2018, which is applicable to all of our employees, executive officers and directors. The Code of Conduct is available at the Investors Relations section of our website at <https://ir.atifchina.com/>. Information contained on or accessible through this website is not a part of this Annual Report, and the inclusion of such website address in this Annual Report is an inactive textual reference only. Any amendments to the Code of Conduct, or any waivers of its requirements, are expected to be disclosed on its website to the extent required by applicable rules and exchange requirements.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and Annual Reports concerning their ownership, of Ordinary shares and other of our equity securities on Forms 3, 4, and 5, respectively. To our knowledge, based solely on review of the copies of such reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements applicable to officers, directors and greater than ten percent shareholders were complied with during the fiscal year ended July 31, 2023.

Board Practices

Pursuant to our amended and restated articles of association, the minimum number of directors shall consist of not less than one person unless otherwise determined by resolution of directors or resolution or shareholders and by filing an amended version of the articles of association at the BVI Registry of Corporate affairs approving such change. Unless removed or re-appointed, each director shall be appointed for a term fixed by the resolution of members or resolution of directors appointing the director.

Controlled Company

Mr. Jun Liu beneficially owns approximately 54.7% of the aggregate voting power of our outstanding ordinary shares. As a result, we are deemed a “controlled company” for the purpose of the Nasdaq listing rules and are permitted to elect to rely on certain exemptions from the obligations to comply with certain corporate governance requirements, including:

- the requirement that our director nominees be selected or recommended solely by independent directors; and
- the requirement that we have a nominating and corporate governance committee and a compensation committee that are composed entirely of independent directors with a written charter addressing the purposes and responsibilities of the committees.

Although we do not intend to rely on the controlled company exemptions under the Nasdaq listing rules even though we are deemed a controlled company, we could elect to rely on these exemptions in the future, and if so, you would not have the same protection afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Board of Directors

Our board of directors consist of five directors as of the date of this annual report. Our board of directors is responsible for establishing broad corporate policies and for overseeing our overall performance. Our board of directors reviews significant developments affecting us and acts on other matters requiring its approval.

Duties of Directors

Under British Virgin Islands law, our directors owe fiduciary duties both at common law and under statute, including a statutory duty to act honestly, in good faith and with a view to our best interests. When exercising powers or performing duties as a director, our directors also have a duty to exercise the care, diligence and skills that a reasonable director would exercise in comparable circumstances, taking into account without limitation the nature of the company, the nature of the decision and the position of the director and the nature of the responsibilities undertaken by him. In exercising the powers of a director, the directors must exercise their powers for a proper purpose and shall not act or agree to the company acting in a manner that contravenes our amended and restated memorandum and articles of association or the BVI Act. In fulfilling their duty of care to us, our directors must ensure compliance with our 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 functions and powers of our board of directors include, among others:

- appointing officers and determining the term of office of the officers;
- authorizing the payment of donations to religious, charitable, public or other bodies, clubs, funds, or associations as deemed advisable;
- exercising the borrowing powers of the company and mortgaging the property of the company;
- executing checks, promissory notes, and other negotiable instruments on behalf of the company; and
- maintaining or registering a register of relevant charges of the company.

Terms of Directors and Executive Officers

Each of our directors holds office until a successor has been duly elected and qualified unless the director was appointed by the board of directors, in which case such director holds office until the next following annual meeting of shareholders at which time such director is eligible for reelection. All of our executive officers are appointed by and serve at the discretion of our board of directors. Our current directors were re-elected by our shareholders at our 2023 Annual General Meeting, which was held on July 28, 2023, until the next shareholders meeting and until their successors are duly elected and qualified.

Qualification

There is currently no shareholding qualification for directors.

Board Composition, Committees and Independence

Under the rules of NASDAQ, “independent” directors must make up a majority of a listed company’s Board of Directors. In addition, applicable NASDAQ rules require that, subject to specified exceptions, each member of a listed company’s audit and compensation committees be independent within the meaning of the applicable NASDAQ rules. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act.

Our Board has undertaken a review of the independence of each director and considered whether any director has a material relationship with us that could compromise the director’s ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our Board determined that Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang are independent directors as defined in the listing standards of NASDAQ and SEC rules and regulations. A majority of our directors are independent, as required under applicable NASDAQ rules. As required under applicable NASDAQ rules, our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee, and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Copies of the charters for each committee are available at <http://ir.atifchina.com>. Each committee’s members and functions are described below.

Audit Committee. Our audit committee consists of Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang. Mr. Kwong Sang Liu is the chairman of our audit committee. We have determined that Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang satisfy the “independence” requirements of Section 5605(a)(2) of the Nasdaq Listing Rules and Rule 10A-3 under the Securities Exchange Act. Our board also has determined that Mr. Kwong Sang Liu qualifies as an audit committee financial expert within the meaning of the SEC rules or possesses financial sophistication within the meaning of the Nasdaq Listing Rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management’s response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang. Ms. Lei Yang is the chairman of our compensation committee. We have determined that Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang satisfy the “independence” requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving to the board with respect to the total compensation package for our most senior executive officers;
- approving and overseeing the total compensation package for our executives other than the most senior executive officers;
- reviewing and recommending to the board with respect to the compensation of our directors;
- reviewing periodically and approving any long-term incentive compensation or equity plans;
- selecting compensation consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person’s independence from management; and
- programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee currently consists of Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang. Mr. Yongyuan Chen is the chairman of our nominating and corporate governance committee. Messrs. Kwong Sang Liu and Yongyuan Chen, and Ms. Lei Yang satisfy the “independence” requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect 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 our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Director Qualifications

In accordance with its charter, our nominating and corporate governance committee develops and recommends to our board of directors appropriate criteria, including desired qualifications, expertise, skills and characteristics, for selection of new directors and periodically reviews the criteria adopted by our board of directors and, if appropriate, recommends changes to such criteria.

Board Diversity

Our board of directors desires to seek members from diverse professional backgrounds who combine a strong professional reputation and knowledge of our business and industry with a reputation for integrity. Our board of directors does not have a formal policy with respect to diversity and inclusion but is in process of establishing a policy on diversity. Diversity of experience, expertise and viewpoints is one of many factors the nominating and corporate governance committee considers when recommending director nominees to our board of directors. Further, our board of directors is committed to actively seeking highly qualified women and individuals from minority groups to include in the pool from which new candidates are selected. Our board of directors also seeks members that have experience in positions with a high degree of responsibility or are, or have been, leaders in the companies or institutions with which they are, or were, affiliated, but may seek other members with different backgrounds, based upon the contributions they can make to our company.

We believe that our current board composition reflects our commitment to diversity in the areas of gender and professional background.

Board Diversity Matrix (as of November 9, 2023)

Total Number of Directors	5	
	Female	Male
Part I: Gender Identity		
Directors	2	3
Part II: Demographic Background		
Asian	2	3

Indemnification Agreements

We executed a standard form of indemnification agreement (“Indemnification Agreement”) with each of our Board members and executive officers (each, an “Indemnitee”).

Pursuant to and subject to the terms, conditions and limitations set forth in the Indemnification Agreement, we agreed to indemnify each Indemnitee, against any and all expenses incurred in connection with proceedings relating to the Indemnitee’s service as our officer and or director, or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, or other entity or enterprise but only if the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, and in the case of a criminal proceeding, had no reasonable cause to believe that his conduct was unlawful. In addition, the indemnification provided in the indemnification agreement is applicable whether or not negligence or gross negligence of the Indemnitee is alleged or proven. Additionally, the Indemnification Agreement establishes processes and procedures for indemnification claims, advancement of expenses and costs and contribution obligations.

Employees

As of July 31, 2023, we had approximately 13 full-time employees, including 1 in China and 12 in America. The table below sets forth the numbers of employees by functions as of July 31, 2023

Function	Number of Employees	% of Total
Executive Office	1	7.7%
Legal Department	1	7.7%
Financial Department	3	23.1%
IPO Department	2	15.4%
Engineering and IR Department	2	15.4%
Marketing Department	4	30.7%
Total	13	100%

There is no labor union. We believe our relations with our employees are good.

ITEM 11. EXECUTIVE COMPENSATION

Compensation for our Named Executive Officers

The following table sets forth certain information with respect to compensation for the fiscal years ended July 31, 2023 and July 31, 2022 earned by or paid to our chief executive officer and principal executive officer, our principal financial officer, and our other most highly compensated executive officer.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Jun Liu*									
President and Chairman of ATIF, CEO of ATIF	2023	240,000						-	240,000
	2022	240,000	-	-	-	-	-	4,789	244,789
Yue Ming ****									
CFO of ATIF	2023	30,240							30,240
	2022	25,200	-	-	-	-	-	5,046	30,246

* Jun Liu was appointed as our president and chairman of our Board on July 10, 2020, and appointed as our CEO on August 4, 2021.

** Pishan Chi was appointed as our CEO on July 10, 2020 ceased to be our CEO on August 4, 2021.

*** Fang Cheng ceased to be our CFO on August 4, 2021.

**** Yue Ming was appointed as our CFO On August 4, 2021.

We are required by PRC laws and regulations to make contributions equal to certain percentages of each employee's salary for his or her retirement benefit, medical insurance benefits, housing funds, unemployment, and other statutory benefits. We paid retirement and similar benefits for our executive officers for the fiscal years ended July 31, 2023 and 2022.

Benefit Plans

We do not have any profit sharing plan or similar plans for the benefit of our officers, directors or employees. However, we may establish such plan in the future.

Equity Compensation Plan Information

We do not have any equity compensation plan or similar plans for the benefit of our officers, directors or employees. However, we may establish such plan in the future.

Outstanding Equity Awards as of July 31, 2023

We had no outstanding equity awards as of July 31, 2023.

Nonqualified Deferred Compensation

Our named executive officers did not participate in, nor earn any benefits under, a nonqualified deferred compensation plan during the fiscal year ended July 31, 2023.

Hedging or Offsetting Against Compensatory Securities

We have adopted a policy that our employees (including officers) and directors shall not purchase securities or other financial instruments, or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of equity securities granted as compensation to, or held directly or indirectly by, those persons.

We also have adopted a formal claw-back policy for the recovery of incentive-based executive compensation erroneously awarded to executive officers based on misstated financial reporting measures once Nasdaq's listing standards.

Employment Agreements and Arrangements

Pursuant to employment agreements, the form of which is filed as Exhibit 10.3 to our F-1 registration statement filed with the SEC on December 11, 2018, we agree to employ each of our executive officers for a specified time period, which will be renewed upon both parties' agreement thirty days before the end of the current employment term, and payment of cash compensation and benefits became payable when we became a public reporting company in the US. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to the commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offense, willful disobedience of a lawful and reasonable order, fraud or dishonesty, receipt of bribery, or severe neglect of his or her duties. An executive officer may terminate his or her employment at any time with a one-month prior written notice. Each executive officer has agreed to hold, both during and after the employment agreement expires, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information.

Our employment agreement with Fang Cheng, our former CFO, was for a term of three years beginning on October 1, 2018, and provided for an annual salary of \$27,700, the payment of which commenced when we became a public reporting company in the US. For the year ended July 31, 2021, we paid salary and welfare expenses of \$32,900 with Fang Cheng. On August 4, 2021, Fang Cheng resigned as our CFO, her employment agreement was terminated with immediate effect.

Our employment agreement with Jun Liu, our President and Former CEO, is for a term of three years beginning on June 6, 2019, and provides for an annual salary of \$240,000. On July 10, 2020, we amended our employment agreement with Jun Liu to clarify that he had ceased to be employed as our CEO and had been appointed as our president. On August 4, 2021, we amended our employment agreement with Jun Liu to include his appointment as the chief executive officer.

Our employment agreement with Pishan Chi, our former CEO, was for a term of three years beginning on July 10, 2020, and provides for an annual salary of US\$30,700. For the year ended July 31, 2021, we paid salary and welfare expenses of \$36,400 with Pishan Chi. On August 4, 2021, Pishan Chi resigned as our CEO.

Our employment agreement with Yue Ming, our CFO, is for a term of three years beginning on August 9, 2021, and provides for an annual salary of US\$30,240.

Other Benefits

Our employees are eligible to participate in various employee benefit plans, including medical, dental, and vision care plans, flexible spending accounts for health and dependent care, life, accidental death and dismemberment, disability, and paid time off.

Non-Employee Director Compensation

The following table sets forth information concerning the compensation of non-employee directors for services rendered for the year ended July 31, 2023. Jun Liu and Yue Ming are our executive officers and employees and are not included in the table. All compensation earned by Mr. Liu and Ms. Ming for services rendered in their capacity as our executive officers and employees, is included under the heading in this section titled "Compensation for our Named Executive Officers." Mr. Liu and Ms. Ming received no compensation for their service as a director.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	All other compensation (\$)	Total (\$)
Kwong Sang Liu	18,000	-	-	-	18,000
Yongyuan Chen	18,000	-	-	-	18,000
Lei Yang	14,400	-	-	-	14,400

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. As an emerging growth company we are exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our President and Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Act.

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

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 the date of this annual report.

- each of our directors and executive officers who beneficially own our Ordinary Shares; and
- each person known to us to own beneficially more than 5.0% of our Ordinary Shares.

Beneficial ownership includes voting or investment power with respect to the securities. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all Ordinary Shares shown as beneficially owned by them. Percentage of beneficial ownership of each listed person is based on 9,627,452 Ordinary Shares outstanding as of November 13, 2023.

Information with respect to beneficial ownership has been furnished by each director, officer, or beneficial owner of 5% or more of our Ordinary Shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to securities. In computing the number of Ordinary Shares beneficially owned by a person listed below and the percentage ownership of such person, Ordinary Shares underlying options, warrants, or convertible securities held by each such person that are exercisable or convertible within 60 days of the date of this annual report are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as otherwise indicated in the footnotes to this table, or as required by applicable community property laws, all persons listed have sole voting and investment power for all Ordinary Shares shown as beneficially owned by them.

	Ordinary Shares Beneficially Owned	
	Number	Percent
Directors and Executive Officers⁽¹⁾:		
Jun Liu ⁽²⁾	5,268,330	54.7%
Yue Ming	0	*%
Kwong Sang Liu	0	*%
Yongyuan Chen	0	*%
Lei Yang	0	*%
All directors and executive officers as a group (five persons):	5,268,330	54.7%
5% Shareholders:		
Tianzhen Investments Limited	3,440,860	35.7%
Eno Group Limited	1,820,000	18.9%

* Less than 1%

(1) Unless otherwise indicated, the business address of each of the individuals is 25391 Commercentre Dr., Ste 200, Lake Forest, CA.

(2) Jun Liu, our President, Chief Executive Officer and Chairman, may be deemed to beneficially own 5,268,330 ordinary shares (as adjusted to reflect the Reverse Split), which consists of (i) 3,440,860 ordinary shares, or approximately 35.7%, through his 100% ownership of Tianzhen Investments Limited, (ii) 1,820,000 ordinary shares, or approximately 18.9%, which are held indirectly through a voting rights proxy agreement with Eno Group Limited, which was assigned to Tianzhen Investments Limited. And (iii) 7,470 ordinary shares directly held by Mr. Liu.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Transaction with related parties

The following includes a summary of certain relationships and transactions, including transactions since August 1, 2020 to July 31, 2022 and any currently proposed transactions, to which we were or are to be a participant, in which (1) the amount involved exceeded or will exceed the lesser of (i) \$120,000 or (ii) one percent (1%) of the average of our total assets for the last two completed fiscal years, and (2) any of our directors, executive officers or holders of more than five percent (5%) of our capital stock, or any affiliate or member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest other than compensation and other arrangements that are described under the section titled “Executive Compensation.”

We had no transactions with Huaya, which is owned by Mr. Pishan Chi, our employee and former CEO during the fiscal year 2023. In May 2022, we were engaged by Huaya to provide consulting services, which amounted to revenues of \$762,000 from Huaya. As of July 31, 2023 and 2022, we had account receivable of \$nil and \$762,000 due from Huaya.

From September 16, 2022 to March 15, 2024, we lended a total of \$100,000 loans to Huaya with interest-free and unsecured. As of July 31, 2023 and 2022, we had a loan receivable of \$40,539 and \$nil from Huaya.

In November 2022, we were engaged by Asia International Securities Exchange Co., Ltd.(“AISE”), which is wholly owned by Mr. Jun Liu, our Chief Executive Officer, which amounted to revenues of \$1,300,000 from AISE. During the fiscal year ended July 31, 2022, we had no transactions with AISE. As of July 31, 2023 and 2022, we had account receivable of \$600,000 and \$nil due from AISE.

During fiscal year 2023, we borrowed a total of \$1,950,285 loans from AISE with interest-free and unsecured. As of July 31, 2023 and 2022, we had a loan payable of \$729,968 and \$nil to AISE.

Related Person Transactions Policy

We plan to adopt a new written related person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration, and oversight of “related person transactions.” For purposes of policy only, a “related person transaction” is a transaction, arrangement, or relationship (or any series of similar transactions, arrangements or relationships) in which we or any of our subsidiaries are participants involving an amount, as long as we are a SEC smaller reporting company, that exceeds the lesser of (a) \$120,000 or (b) 1% of the average of our total assets for the last two completed fiscal years, in which any “related person” has a material interest.

Transactions involving compensation for services provided to us as an employee, consultant or director will not be considered related person transactions under this policy. A related person is any executive officer, director, nominee to become a director or a holder of more than 5% of any class of our voting securities (including our ordinary shares), including any of their immediate family members and affiliates, including entities owned or controlled by such persons.

Under the policy, the related person in question or, in the case of transactions with a holder of more than 5% of any class of our voting securities, an officer with knowledge of a proposed transaction, must present information regarding the proposed related person transaction to our audit committee (or, where review by our audit committee would be inappropriate, to another independent body of our board of directors) for review. To identify related person transactions in advance, we will rely on information supplied by our executive officers, directors and certain significant shareholders. In considering related person transactions, our audit committee will take into account the relevant available facts and circumstances, which may include, but are not limited to:

- the risks, costs, and benefits to us;
- the impact on a director’s independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;
- the availability of other sources for comparable services or products;
- the terms available to or from, as the case may be, unrelated third parties; and
- our audit committee will approve only those transactions that it determines are fair and in our best interests.

Director Independence

A majority of our Board of Directors are independent directors, see the discussion above under the section “Item 10. Directors, Executive Officers and Corporate Governance—Board Composition, Committees and Independence.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Auditor

For the years ended July 31, 2023 and 2022, the Company's independent public accounting firm was ZH CPA, LLC ("ZH CPA").

Fees Paid to Principal Independent Registered Public Accounting Firm

The aggregate fees billed by our Independent Registered Public Accounting Firm, for the years ended July 31, 2023 and 2022 are as follows:

	For the Fiscal Years Ended July 31,	
	2023	2022
Audit Fees(1)	\$ 160,000	\$ 125,000
Audit-Related Fees(2)	15,000	40,000
Tax Fees(3)	-	-
All Other Fees(4)	-	-
Total	\$ 175,000	\$ 165,000

- (1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the review of our quarterly financial statements and those services normally provided in connection with statutory or regulatory filings or engagements including comfort letters, consents and other services related to SEC matters. This information is presented as of the latest practicable date for this annual report.
- (2) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported above under "Audit Fees."
- (3) ZH CPA did not provide us with tax compliance, tax advice or tax planning services.
- (4) All other fees include fees billed by our independent auditors for products or services other than as described in the immediately preceding three categories. No such fees were incurred during the fiscal years ended July 31, 2023 and 2022.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The policy of our audit committee is to pre-approve all audit and non-audit services provided by ZH CPA, LLC, our independent registered public accounting firm, including audit services, audit-related services, tax services and other services as described above.

Our independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by our independent registered public accounting firm in accordance with this preapproval, and the fees for the services performed to date.

All of the services relating to the fees described in the table above were approved by our audit committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

Financial Statements and Report of Independent Registered Public Accounting Firms are set forth on pages F-1 through F-28 of this report.

(2) Financial Statement Schedules

All schedules have been omitted because the required information is included in the financial statements or notes thereto or because they are not required.

(3) Exhibits:

The exhibits required by Item 601 of Regulation S-K are listed in subparagraph (b) below.

(b) The following exhibits are filed as part of this Annual Report.

Exhibit No.	Description
3.1	Form of Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018).
3.2	Amendment No. 1 to Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 1.2 to Form 6-K filed with the Securities and Exchange Commission on September 8, 2021)
3.3	Amendment No. 2 to Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 1.3 to Form 6-K filed with the Securities and Exchange Commission on September 8, 2021).
4(vi)	Description of registrant's securities (incorporated herein by reference to Exhibit 4(vi) to the annual report for the year ended July 31, 2022 filed with the Securities and Exchange Commission on November 2, 2022).
4.1	Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018)
4.2	Form of Warrant (incorporated herein by reference to Exhibit 4.1 to Form 6-K filed with the Securities and Exchange Commission on November 4, 2020).
4.3	Form of Placement Agent Warrant (incorporated herein by reference to Exhibit 4.2 to Form 6-K filed with the Securities and Exchange Commission on November 4, 2020)
4.4	Form of Warrant (incorporated herein by reference to Exhibit 4.18 to Form F-1 filed with the Securities and Exchange Commission on April 27, 2021).
4.5	Form of Placement Agent Warrant (incorporated herein by reference to Exhibit 4.19 to Form F-1 filed with the Securities and Exchange Commission on April 27, 2021).
10.1	Agreement of Website (CNNM) Transfer dated September 20, 2018, between ATIF HK and Shenzhen Shangyuan Electronic Commerce Ltd. (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018).
10.2#	Form of Employment Agreement by and between executive officers and the Registrant (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018).
10.3#	Form of Indemnification Agreement between directors and the Registrant (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018).
10.4	Form of Securities Purchase Agreement (incorporated herein by reference to Exhibit 10.1 to Form 6-K filed with the Securities and Exchange Commission on November 4, 2020)
10.5	Sale and Purchase Agreement regarding issued shares of Leaping Group Co., Ltd. (incorporated herein by reference to Exhibit 99.1 to Form 6-K filed with the Securities and Exchange Commission on January 19, 2021)
10.6	Form of Securities Purchase Agreement (incorporated herein by reference to Exhibit 4.17 to Form F-1 filed with the Securities and Exchange Commission on April 27, 2021).
10.7	Consulting Agreement entered into between ATIF Holdings Limited and Massimo Motor Sports, LLC dated August 10, 2022 (incorporated herein by reference to Exhibit 10.1 to Form 8-K filed with the Securities and Exchange Commission on August 18, 2022)
10.8	Share Transfer Agreement dated May 20, 2022 between ATIF Holdings Inc. and Pishan Chi (incorporated herein by reference to Exhibit 10.8 to the annual report for the year ended July 31, 2022 filed with the Securities and Exchange Commission on November 2, 2022)
10.9	Sale and Purchase Agreement dated August 1, 2022 between ATIF Inc. and Asia Time (HK) International Finance Service Limited (incorporated herein by reference to Exhibit 10.9 to the annual report for the year ended July 31, 2022 filed with the Securities and Exchange Commission on November 2, 2022).
14.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-228750), as amended, initially filed with the Securities and Exchange Commission on December 11, 2018)
21.1*	List of subsidiaries of the Registrant
23.1*	Consent of ZH CPA, LLC
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Form of Claw Back Policy
99.2*	Code of Business Conduct and Ethics
101. INS*	Inline XBRL Instance Document
101. SCH*	Inline XBRL Taxonomy Extension Schema Document
101. CAL*	Inline XBRL Taxonomy Calculation Linkbase Document
101. DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101. LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101. PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

Indicates management contract or compensatory plan or arrangement.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

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

Date: November 13, 2023

ATIF Holdings Limited

By: /s/ Jun Liu
Name: Jun Liu
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Yue Ming
Name: Yue Ming
Title: Chief Financial Officer
(Principal Financial Officer)

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jun Liu</u> Jun Liu	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	November 13, 2023
<u>/s/ Yue Ming</u> Yue Ming	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	November 13, 2023
<u>/s/ Kwong Sang Liu</u> Kwong Sang Liu	Director	November 13, 2023
<u>/s/ Yongyuan Chen</u> Yongyuan Chen	Director	November 13, 2023
<u>/s/ Lei Yang</u> Lei Yang	Director	November 13, 2023

FINANCIAL STATEMENTS

Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm (PCAOB #6413, Denver, CO)	F-2
Consolidated Balance Sheets as of July 31, 2023 and 2022	F-3
Consolidated Statements of Operations and Comprehensive Income (loss) for the years ended July 31, 2023 and 2022	F-4
Consolidated Statements of Changes in Stockholders' Equity for the years ended July 31, 2023 and 2022	F-5
Consolidated Statements of Cash Flows for the years ended July 31, 2023 and 2022	F-6
Notes to Consolidated Financial Statements	F-7 to F-28

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**To the Board of Directors and Stockholders of****ATIF Holdings Limited****Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of ATIF Holdings Limited and its subsidiaries (the “Company”) as of July 31, 2023 and 2022, and the related consolidated statements of income(loss), comprehensive income(loss), stockholders’ equity, and cash flows for each of the years in the two-year period ended July 31, 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 July 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended July 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

The Company’s ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred significant losses and negative cash flows from operating activities. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s evaluation of the events and conditions and plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ZH CPA, LLC

We have served as the Company’s auditor since 2021.

Denver, Colorado

November 13, 2023

ATIF HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS

	<u>As of July 31,</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 606,022	\$ 1,750,137
Accounts receivable	650,000	-
Accounts receivable – a related party	600,000	762,000
Deposits	86,000	141,000
Investment in trading securities	130,649	33,346
Due from a related party	40,539	-
Due from buyers of Leaping Group Corporation (“LGC”) (Note 6)	-	2,654,767
Prepaid expenses and other current assets	429,570	651,210
Total current assets	2,542,780	5,992,460
Long-term investment	-	335,000
Property and equipment, net	93,637	272,700
Intangible assets, net	73,331	153,331
Right-of- use assets, net	1,058,822	1,383,464
TOTAL ASSETS	\$ 3,768,570	\$ 8,136,955
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable, accrued expenses and other current liabilities	\$ 293,140	\$ 2,275,253
Deferred revenue	70,000	90,785
Taxes payable	31,200	-
Due to related parties	729,968	-
Operating lease liabilities, current	415,411	433,061
Total current liabilities	1,539,719	2,799,099
Operating lease liabilities, noncurrent	689,498	985,249
TOTAL LIABILITIES	2,229,217	3,784,348
Commitments		
EQUITY		
Ordinary shares, \$0.001 par value, 100,000,000,000 shares authorized, 9,627,452 shares and 9,627,452 shares issued and outstanding as of July 31, 2023 and 2022, respectively *	9,627	9,627
Additional paid-in capital	29,196,350	29,496,350
Accumulated deficit	(27,666,624)	(24,784,325)
Total ATIF Holdings Limited Stockholders’ equity	1,539,353	4,721,652
Noncontrolling interest	-	(369,045)
TOTAL LIABILITIES AND EQUITY	\$ 3,768,570	\$ 8,136,955

* Retrospectively restated due to five for one reverse stock split, see Note 17.

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

ATIF HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Years Ended July 31,	
	2023	2022
Revenues – third parties	\$ 1,150,000	\$ 905,310
Revenues – a related party	1,300,000	762,000
Revenues	2,450,000	1,667,310
Cost of revenues	-	(660,000)
Gross profit	2,450,000	1,007,310
Operating expenses:		
Selling expenses	207,238	569,529
General and administrative expenses	2,241,626	2,651,361
Provision against accounts receivable due from a related party	762,000	-
Total operating expenses	3,210,864	3,220,890
Loss from operations	(760,864)	(2,213,580)
Other income (expenses):		
Interest income, net	1,874	354,832
Other income (expenses), net	314,518	(123,296)
Provision against due from buyers of LGC	(2,654,767)	-
Gain (loss) from investment in trading securities	192,102	(2,432,107)
Gain from disposal of subsidiaries and VIE	56,038	1,043,052
Total other expense, net	(2,090,235)	(1,157,519)
Loss before income taxes	(2,851,099)	(3,371,099)
Income tax provision	(31,200)	-
Net loss	(2,882,299)	(3,371,099)
Less: Net loss attributable to non-controlling interests	-	460,705
Net loss attributable to ATIF Holdings Limited	(2,882,299)	(2,910,394)
Other comprehensive income (loss):		
Total foreign currency translation adjustment	-	810
Comprehensive loss	(2,882,299)	(3,370,289)
Less: comprehensive loss attributable to non-controlling interests	-	460,705
Comprehensive loss attributable to ATIF Holdings Limited	\$ (2,882,299)	\$ (2,909,584)
Loss Per share – basic and diluted	\$ (0.30)	\$ (0.31)
Weighted Average Shares Outstanding*		
Basic and diluted	9,627,452	9,511,045

* Retrospectively restated due to five for one reverse stock split, see Note 17.

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

ATIF HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JULY 31, 2023 AND 2022

	<u>Ordinary Share</u>		<u>Additional Paid in Capital</u>	<u>Statutory Reserves</u>	<u>Accumulated deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Noncontrolling interests</u>	<u>Total</u>
	<u>Shares*</u>	<u>Amount</u>						
Balance at July 31, 2021	9,161,390	\$ 9,161	\$31,428,619	\$ 355,912	\$ (22,055,433)	\$ (175,220)	\$ 120,809	\$ 9,683,848
Issuance of ordinary shares pursuant to exercise of warrants	459,986	460	1,067,737	-	-	-	-	1,068,197
Issuance of ordinary shares as fractional shares of reverse stock split*	6,076	6	(6)	-	-	-	-	-
Withdrawal of investment by a limited partner of ATIF LP (Note 1)	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Appropriation of investment gain to the limited partner of ATIF LP (Note 1)	-	-	-	-	-	-	(29,149)	(29,149)
Net loss for the year	-	-	-	-	(2,910,394)	-	(460,705)	(3,371,099)
Foreign currency translation adjustment	-	-	-	-	-	810	-	810
Reclassification of statutory reserve and accumulated other comprehensive loss	-	-	-	(355,912)	181,502	174,410	-	-
Balance at July 31, 2022	9,627,452	\$ 9,627	\$29,496,350	\$ -	\$ (24,784,325)	\$ -	\$ (369,045)	\$ 4,352,607
Net loss for the year	-	-	-	-	(2,882,299)	-	-	(2,882,299)
Disposal of ATIF GP	-	-	(300,000)	-	-	-	369,045	69,045
Balance at July 31, 2023	9,627,452	\$ 9,627	\$29,196,350	\$ -	\$ (27,666,624)	\$ -	\$ -	\$ 1,539,353

* Retrospectively restated due to five for one reverse stock split, see Note 17.

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

ATIF HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended July 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (2,882,299)	(3,371,099)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	138,805	158,605
Amortization of right-of-use assets	434,135	424,400
Provision against due from buyers of LGC	2,654,767	-
Provision against accounts receivable due from a related party	762,000	-
Loss from disposal of property and equipment	49,702	39,313
(Gain) loss from investment in trading securities	(192,102)	2,432,107
Loss from disposal of a subsidiary	69,045	-
Changes in operating assets and liabilities:		
Accounts receivable	(650,000)	-
Accounts receivable – a related party	(600,000)	(762,000)
Due from buyers of Leaping Group Corporation	-	(354,767)
Deposits	55,000	93,668
Prepaid expenses and other current assets	221,644	37,241
Deferred revenue	(20,785)	(244,675)
Taxes payable	31,200	(55,809)
Accounts payable, accrued expenses and other current liabilities	(1,982,117)	1,870,108
Lease liabilities	(422,894)	(414,036)
Net cash used in operating activities	(2,333,899)	(146,944)
Cash flows from investing activities:		
Purchase of property and equipment	(1,444)	(101,950)
Proceeds from disposal of property and equipment	72,000	283,359
Payment for investment in trading securities	-	(1,437,944)
Proceeds from redemption of trading securities	94,799	-
Investment in an equity investee	-	(335,000)
Proceeds from disposal of investment in an equity investee	335,000	-
Loans to a related party	(100,000)	-
Collection of loans from a related party	59,461	-
Net cash provided by (used in) investing activities	459,816	(1,591,535)
Cash flows from financing activities:		
Borrowings from a related party	729,968	-
Withdrawal of capital contribution limited partners of ATIF LP	-	(3,000,000)
Payment of investment gains to the limited partner of ATIF LP	-	(29,149)
Proceeds from exercise of warrants	-	1,068,203
Net cash provided by (used in) financing activities	729,968	(1,960,946)
Effect of exchange rate changes on cash	-	(147,178)
Net decrease in cash	(1,144,115)	(3,846,603)
Cash, beginning of year	1,750,137	5,596,740
Cash, end of year	\$ 606,022	\$ 1,750,137
Supplemental disclosure of cash flow information:		
Cash paid for interest expenses	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -
Supplemental disclosure of Non-cash investing and financing activities		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 109,492	\$ 1,062,391

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

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

ATIF Holdings Limited (“ATIF” or the “Company”), formerly known as Eternal Fairy International Limited and Asia Times Holdings Limited, was incorporated under the laws of the British Virgin Islands (“BVI”) on January 5, 2015, as a holding company to develop business opportunities in the People’s Republic of China (the “PRC” or “China”). The Company adopted its current name on March 7, 2019. The Company is primarily engaged in providing business advisory and financial consulting services to small and medium-sized enterprise customers.

On October 6 and October 7, 2022, ATIF Inc., a wholly owned subsidiary of ATIF, established ATIF Business Consulting LLC (“ATIF BC”) and ATIF Business Management LLC (“ATIF BM”) under the laws of the State of California of the United States, respectively. On April 25, 2022, the Company established ATIF Investment Limited (“ATIF Investment”) under the laws of BVI. On December 22, 2021, ATIF Inc. established ATIF BD LLC (“ATIF BD”) under the laws of California of the United States.

Enter into a sales agreement of ATIF GP

On January 21, 2021, the Company incorporated ATIF-1 GP, LLC (“ATIF GP”) under the laws of Delaware of the United States. ATIF GP is a wholly owned subsidiary of the Company, and focuses on fund management business.

On February 16, 2021, ATIF-1, LP (“ATIF LP”) was established as a private equity fund through our indirectly-wholly owned subsidiary, ATIF-1 GP, LLC (“ATIF GP”), a Delaware limited liability company, as the general partner. As of July 31, 2022, the Company owns 76.6% limited partner interest in ATIF, LP. The investment manager for the fund is ATIF Inc.

On August 1, 2022, the Company entered into a sales agreement with a third party, pursuant to which the Company sold all of its equity interest in ATIF GP at the cost of \$50,000. The management believed the disposition does not represent a strategic shift because it is not changing the way it is running its consulting business. The Company has not shifted the nature of its operations. The termination is not accounted as discontinued operations in accordance with ASC 205-20. Upon the closing of the Agreement, ATIF GP is no longer our subsidiary and ATIF USA ceased to be the investment manager of ATIF LP.

Disposal of ATIF HK and Huaya

On May 20, 2022, the Company entered into a share transfer agreement with Mr. Pishan Chi, pursuant to which the Company transferred all of its equity interest in ATIF HK and its wholly owned subsidiary, Huaya to Mr. Chi at \$nil consideration. Mr. Chi was the Company’s former Chief Executive Officer for the period from July 10, 2020 through August 4, 2021. The transfer of equity interest was closed on May 31, 2022.

The transfer of equity interest in ATIF HK and Huaya was for the purpose of mitigation of restrictions on China-based companies raising capital offshore by the PRC government. Upon the transfer of ATIF HK and Huaya, the Company would continue its effort to provide financial consulting services to clients from North America and other areas. The management believed the disposition does not represent a strategic shift because it is not changing the way it is running its business. The Company has not shifted the nature of its operations, not is it exiting the North America market, which is the Company’s major geographic market area. The termination is not accounted as discontinued operations in accordance with ASC 205-20 (see Note 5).

As of July 31, 2023, the Company’s consolidated financial statements reflect the operating results of the following entities:

Name of Entity	Date of Incorporation	Place of Incorporation	% of Ownership	Principal Activities
Parent company:				
ATIF Holdings Limited (“ATIF”)	January 5, 2015	British Virgin Islands	Parent	Investment holding
Wholly owned subsidiaries of ATIF				
ATIF Inc. (“ATIF USA”)	October 26, 2020	USA	100%	Consultancy and information technology support
ATIF Investment LLC (“ATIF Investment”)	April 25, 2022	BVI	100%	Consultancy and information technology support
ATIF BD	December 22, 2021	USA	100% owned by ATIF USA	Consultancy and information technology support
ATIF BC	October 6, 2022	USA	100% owned by ATIF USA	Consultancy and information technology support
ATIF BM	October 6, 2022	USA	100% owned by ATIF USA	Consultancy and information technology support

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY and GOING CONCERN

For the years ended July 31, 2023 and 2022, the Company reported a net loss of approximately \$2.9 million and \$3.4 million, respectively, and operating cash outflows approximately \$2.3 million and \$0.1 million. In assessing the Company’s ability to continue as a going concern, the Company monitors and analyzes its cash and its ability to generate sufficient cash flow in the future to support its operating and capital expenditure commitments.

As of July 31, 2023, the Company had cash of \$0.6 million and accounts receivables of \$0.6 million due from a related party, which were highly liquid. On the other hand, the Company had current liabilities of \$1.5 million, among which \$0.7 million was due to related parties. The balance due to related parties are payable on demand and may be extended. The Company’s ability to continue as a going concern is dependent on management’s ability to successfully execute its business plan, which includes increasing revenue while controlling operating cost and expenses to generate positive operating cash flows and obtain financing from outside sources.

Because of losses from operations, working capital deficit, and the requirement of additional capital to fund our current operating plan at July 31, 2023, these factors indicate the existence of an uncertainty that raises substantial doubt about the Company’s ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities Exchange Commission (“SEC”).

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

Noncontrolling Interests

As of July 31, 2022, the non-controlling interest represent minority shareholders’ 76.6% ownership interest in ATIF LP, over which the Company had 23.4% and acted as an investment manager through ATIF GP, its wholly owned subsidiary. The Company had non-controlling interest of \$(369,045) as of July 31, 2022.

On August 1, 2022, the Company sold all of its equity interest in ATIF GP. As of July 31, 2023, the Company had no noncontrolling interests.

Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, the valuation of accounts receivable, useful lives of property and equipment and intangible assets, the recoverability of long-lived assets, revenue recognition, provision necessary for contingent liabilities and realization of deferred tax assets. Actual results could differ from those estimates.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits in accounts maintained with commercial banks. The Company considers all highly liquid investment instruments with an original maturity of three months or less from the date of purchase to be cash equivalents. The Company maintains all of its bank accounts in the United States.

Accounts Receivable, net

Accounts receivable are presented net of allowance for doubtful accounts. The Company usually determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of operations and comprehensive loss. Delinquent account balances are written off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. As of July 31, 2023 and 2022, the Company had no allowance against doubtful accounts receivable.

Investment in Trading Securities

Equity securities not accounted for using the equity method are carried at fair value with changes in fair value recorded in the consolidated statements of operations and comprehensive loss, according to ASC 321 "Investments — Equity Securities". During the years ended July 31, 2023 and 2022, the Company purchased certain publicly-listed equity securities through various open market transactions and accounted for such investments as "investment in trading securities" and subsequently measure the investments at fair value. The Company made a gain of \$192,102 and a loss of \$2,432,107 from investment in trading securities for the years ended July 31, 2023 and 2022.

Property and Equipment, net

Property and equipment are stated at cost. The straight-line depreciation method is used to compute depreciation over the estimated useful lives of the assets, as follows:

	Useful life
Furniture, fixtures and equipment	3-5 years
Transportation vehicles	5 years

Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to expense as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in the consolidated statements of operations and comprehensive loss as other income or expenses.

Intangible assets, net

The Company capitalizes certain platform and software development costs related to the consulting services during the application development stage. The costs related to preliminary project activities and post-implementation activities are expensed as incurred. Capitalized software development costs are depreciated on a straight-line basis over the estimated useful life of 4 years.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term investments

In accordance with ASC 321-10 “Investments – Equity Securities”, the Company elects to record equity investments in a privately held company, over which the Company did not have control or exercise significant influence, using the measurement alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer.

Equity investment in a privately held company accounted for using the measurement alternative is subject to periodic impairment reviews. The Company’s impairment analysis considers both qualitative and quantitative factors that may have a significant effect on the fair value of these equity securities, including consideration of the impact of the COVID-19 pandemic.

As of July 31, 2022, the Company did not record impairment loss against the long-term investments. For the year ended July 31, 2023, the Company sold its long-term investments and had no long-term investments as of July 31, 2023.

Impairment of Long-lived Assets

Long-lived assets, including plant and equipment and intangible with finite lives are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values.

For the years ended July 31, 2023 and 2022, the Company did not record impairment against long-lived assets, respectively.

Fair Value of Financial Instruments

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable and inputs derived from or corroborated by observable market data.
- Level 3 – inputs to the valuation methodology are unobservable.

Fair value of investment in trading securities are based on quoted prices in active markets. The carrying amounts of the Company’s other financial instruments including cash and cash equivalents, accounts receivable, deposits, due from buyers of LGC and other current assets, accounts payable, and accrued expenses and other current liabilities approximate their fair values because of the short-term nature of these assets and liabilities. For lease liabilities, fair value approximates their carrying value at the year-end as the interest rates used to discount the host contracts approximate market rates. For the year end July 31, 2023, there are no transfers between different levels of inputs used to measure fair value

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 Revenue from Contracts with Customers (“ASC 606”).

To determine revenue recognition for contracts with customers, the Company performs the following five steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies the performance obligation.

The Company recognizes revenue when it transfers its goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in such exchange.

For the years ended July 31, 2023 and 2022, the Company primarily generated revenues from consulting services to customers who would like to go public.

The Company provides various consulting services to its members, especially to those who have the intention to be publicly listed in the stock exchanges in the United States and other countries. The Company categorizes its consulting services into three Phases:

Phase I consulting services primarily include due diligence review, market research and feasibility study, business plan drafting, accounting record review, and business analysis and recommendations. Management estimates that Phase I normally takes about three months to complete based on its past experience.

Phase II consulting services primarily include reorganization, pre-listing education and tutoring, talent search, legal and audit firm recommendation and coordination, VIE contracts and other public-listing related documents review, merger and acquisition planning, investor referral and pre-listing equity financing source identification and recommendations, and independent directors and audit committee candidate’s recommendation. Management estimates that Phase II normally takes about eight months to complete based on its past experience.

Phase III consulting services primarily include shell company identification and recommendation for customers expecting to become publicly listed through reverse merger transaction; assistance in preparation of customers’ public filings for IPO or reverse merger transactions; and assistance in answering comments and questions received from regulatory agencies. Management believes it is very difficult to estimate the timing of this phase of service as the completion of Phase III services is not within the Company’s control.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Each phase of consulting services is stand-alone and fees associated with each phase are clearly identified in service agreements. Revenue from providing Phase I and Phase II consulting services to customers is recognized ratably over the estimated completion period of each phase as the Company's performance obligations related to these services are carried out over the whole duration of each Phase. Revenue from providing Phase III consulting services to customers is recognized upon completion of the reverse merger transaction or IPO transaction when the Company's promised services are rendered and the Company's performance obligations are satisfied. Revenue that has been billed and not yet recognized is reflected as deferred revenue on the balance sheet.

Depending on the complexity of the underlying service arrangement and related terms and conditions, significant judgments, assumptions, and estimates may be required to determine when substantial delivery of contract elements has occurred, whether any significant ongoing obligations exist subsequent to contract execution, whether amounts due are collectible and the appropriate period or periods in which, or during which, the completion of the earnings process occurs. Depending on the magnitude of specific revenue arrangements, adjustment may be made to the judgments, assumptions, and estimates regarding contracts executed in any specific period.

Income Taxes

The Company accounts for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized only if it is "more likely than not" that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The Company did not have unrecognized uncertain tax positions or any unrecognized liabilities, interest or penalties associated with unrecognized tax benefit as of July 31, 2023. As of July 31, 2023, all of the Company's income tax returns for the tax years ended December 31, 2018 through December 31, 2022 remain open for statutory examination by relevant tax authorities.

Loss per Share

The Company computes loss per share ("EPS") in accordance with ASC 260, "Earnings per Share" ("ASC 260"). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net loss divided by the weighted average common shares outstanding for the period. Diluted presents the dilutive effect on a per share basis of potential common shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. For the years ended July 31, 2023 and 2022, there were no dilutive shares.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The functional currency for ATIF is the U.S Dollar (“US\$”). For the year ended July 31, 2023, the Company operates its business through ATIF Inc, and no foreign currency translation was recorded for the year ended July 31, 2023.

For the year ended July 31, 2022, the Company primarily operates its business through ATIF Inc, ATIF HK and Huaya, and the latter two entities were disposed of on May 31, 2022. The Company’s consolidated financial statements have been translated into US\$.

Assets and liabilities accounts are translated using the exchange rate at each reporting period end date. Equity accounts are translated at historical rates. Income and expense accounts are translated at the average rate of exchange during the reporting period. The resulting translation adjustments are reported under other comprehensive income (loss). Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the results of operations.

The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at the rates used in translation.

The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

Foreign currency	May 31, 2022	
	Period-end spot rate	Average rate
RMB: 1USD	0.1499	0.1555
HKD: 1USD	0.1282	0.1282

Comprehensive loss

Comprehensive loss consists of two components, net loss and other comprehensive income.

The foreign currency translation gain or loss resulting from translation of the financial statements expressed in RMB to US\$ is reported in other comprehensive income in the consolidated statements of operations and comprehensive loss.

Operating Leases

Upon adoption of ASC 842, the lease liabilities are recognized upon lease commencement for operating leases based on the present value of lease payments over the lease term. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. As the rates implicit in the lease cannot be readily determined, the incremental borrowing rates at the lease commencement date are used in determining the imputed interest and present value of lease payments. The incremental borrowing rates were determined using a portfolio approach based on the rates of interest that the Company would have to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company recognizes the single lease cost on a straight-line basis over the remaining lease term for operating leases.

The Company has elected not to recognize right-of-use assets or lease liabilities for leases with an initial term of 12 months or less; expenses for these leases are recognized on a straight-line basis over the lease term.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows

In accordance with ASC 230, “Statement of Cash Flows,” cash flows from the Company’s operations are formulated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheets.

Segment reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision making group, in deciding how to allocate resources and in assessing performance. The Company’s CODM is Mr. Liu, the Chairman of the Board of Directors and CEO.

The Company’s organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but not limited to, customer base, homogeneity of service and technology. The Company’s operating segments are based on such organizational structure and information reviewed by the CODM to evaluate the operating segment results. Based on management’s assessment, the management has determined that the Company now operates in one operating segment with one reporting segment as of July 31, 2023 and 2022, which is the consulting service business.

Reclassification

Certain items in the financial statements of comparative period have been reclassified to conform to the financial statements for the current period, primarily for the effects of reverse split of the Company’s ordinary shares (see Note 17 for detail) and reclassification of both statutory reserve and accumulated other comprehensive loss to accumulated losses.

Commitments and Contingencies

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a material loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company’s financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and Uncertainty

(a) Credit risk

As of July 31, 2023, the Company held cash and cash equivalents of \$346,903 deposited in the banks located in the U.S., which were insured by FDIC up to \$250,000, and held cash and cash equivalents of \$259,119 deposited in the investment bank accounts located in the U.S. which are not insured by FDIC.

(b) Concentration risk

Accounts receivable are typically unsecured and derived from revenue earned from customers, thereby exposed to credit risk. The risk is mitigated by the Company's assessment of its customers' creditworthiness and its ongoing monitoring of outstanding balances.

The Company has a concentration of its revenues and receivables with specific customers. For the year ended July 31, 2023, three customers accounted for 53%, 24% and 22% of the Company's consolidated revenue, respectively. For the year ended July 31, 2022, three customers accounted for 46%, 30% and 22% of the Company's consolidated revenue, respectively.

As of July 31, 2023, two customers accounted for 54% and 46% of the Company's consolidated accounts receivable, respectively.

For the years ended July 31, 2023 and 2022, substantially all of the Company's revenues was generated from providing going public related consulting services to customers. The risk is mitigated by the Company's plan to transition its consulting services from the PRC based customers to more international customers.

(c) Other risks and uncertainties

The Company's business, financial condition and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, which could significantly disrupt the Company's operations.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 was subsequently amended by Accounting Standards Update 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, Accounting Standards Update 2019-04 *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, and Accounting Standards Update 2019-05, *Targeted Transition Relief*. For public entities, ASU 2016-13 and its amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other entities, this guidance and its amendments will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. As an emerging growth company, the Company plans to adopt this guidance effective August 1, 2023. The Company does not expect the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

In November 2019, the FASB issued ASU 2019-10, “Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)” (“ASU 2019-10”). ASU 2019-10 (i) provides a framework to stagger effective dates for future major accounting standards and (ii) amends the effective dates for certain major new accounting standards to give implementation relief to certain types of entities. Specifically, ASU 2019-10 changes some effective dates for certain new standards on the following topics in the FASB Accounting Standards Codification (ASC): (a) Derivatives and Hedging (ASC 815) – now effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021; (b) Leases (ASC 842) – now effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021; (c) Financial Instruments — Credit Losses (ASC 326) – now effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years; and (d) Intangibles — Goodwill and Other (ASC 350) – now effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company does not expect the cumulative effect resulting from the adoption of this guidance will have a material impact on its consolidated financial statements.

Recently issued ASUs by the FASB, except for the ones mentioned above, have no material impact on the Company’s consolidated results of operations or financial position.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – TRANSFER OF EQUITY INTEREST IN ATIF GP

On August 1, 2022, the Company entered into a sales agreement with a third party, pursuant to which the Company sold all of its equity interest in ATIF GP at cash consideration of \$50,000. Because the transfer of equity of interest occurred on the first day of the year of 2023, ATIF GP did not contribute any revenues or net income (loss) to the Company.

The Company determines that the transfer of equity interest in ATIF GP did not have a major effect on its operations and financial results. The Company also determines the transfer of equity interest does not represent a strategic shift because it is not changing the way the Company operates its consulting services. The termination is not accounted as discontinued operations in accordance with ASC 205-20. Upon the closing of the Agreement, ATIF GP is no longer our subsidiary and ATIF USA ceased to be the investment manager of ATIF LP.

For the year ended July 31, 2023, the Company recorded a gain of \$56,038 from the transfer of equity interest as a component of “other income (expenses), net” in the consolidated statements of operations and comprehensive loss.

NOTE 5 – TRANSFER OF EQUITY INTEREST IN ATIF HK AND HUAYA

To mitigate the potential risks arising from the PRC government provision of new guidance to and restrictions on China-based companies raising capital offshore, the Company closed transfer of equity interest in ATIF HK and Huaya with Mr. Pishan Chi for nil consideration on May 31, 2022. The disposition of ATIF HK and Huaya did not discontinue the Company’s public listing related consulting service business, as the Company would focus its continuous efforts on provision consulting service business to clients based in North America and other areas. There were no penalties or non-compete agreements derived from the disposition.

For the period from August 1, 2021 through May 31, 2022, operating revenue generated through ATIF HK and Huaya amounted to \$864,102, and net loss amounted to \$(871,958), respectively. The revenues and net loss accounted for 52% and 26%, respectively, of consolidated revenue and net loss for the year ended July 31, 2022. As of May 31, 2022, net asset deficits of ATIF HK and Huaya amounted to \$(1,050,745), the abstract amount accounted for 24% of the consolidated net assets of the Company as of July 31, 2022.

The Company determines that the transfer of equity interest in ATIF HK and Huaya did not have a major effect on its operations and financial results. The Company also determines the transfer of equity interest does not represent a strategic shift because it is not changing the way the Company operates its consulting services. The Company does not shift the nature of its business, not does it exit North America market, which is the major geographic market area of the Company’s business. The termination is not accounted as discontinued operations in accordance with ASC 205-20.

For the year ended July 31, 2022, the Company recorded a gain of \$1,043,052 from the transfer of equity interest as a component of “other income (expenses), net” in the consolidated statements of operations and comprehensive loss.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – DUE FROM BUYERS OF LGC

On January 29, 2021, the Company completed a disposition of 51.2% of the equity interest of LGC. The Company sold all of its shares of LGC to Jiang Bo, Jiang Tao and Wang Di (collectively, the “Buyers”) in exchange for (i) 5,555,548 ordinary shares (1,111,110 ordinary shares retrospectively restated for accounting purposes for effect of reverse stock split on August 30, 2021) of the Company owned by the Buyers and (ii) payment by the Buyers in the amount of \$2,300,000 plus interest at an interest rate of 10% per annum on the unpaid amount if the principal amount of \$2,300,000 is not paid by January 14, 2022.

As of July 31, 2022, the principal and accrued and unpaid interest amounted to \$2,654,767. All principal and accrued and unpaid interest shall be due on January 14, 2023. However the buyers of LGC failed to make payments to the Company. For the year ended July 31, 2023, the Company provided full provision of \$2,654,767 against the balances due from buyers of LGC as the management assessed it is remote to collect the outstanding balance.

NOTE 7 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As of July 31,	
	2023	2022
Prepayment for advertising service fee (a)	\$ 408,000	\$ 600,000
Advance to vendors	10,000	10,000
Others	11,570	41,210
Total	<u>\$ 429,570</u>	<u>\$ 651,210</u>

(a) Prepayment for advertising services represent the advance payments made by the Company to a third party advertising company for producing advertising contents. These prepayments are typically expensed over the period when the services are performed.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	As of July 31,	
	2023	2022
Furniture, fixtures and equipment	\$ 204,204	\$ 218,231
Vehicles	-	132,670
Total	204,204	350,901
Less: accumulated depreciation	(110,567)	(78,201)
Property and equipment, net	\$ 93,637	\$ 272,700

For the year ended July 31, 2023, the Company disposed vehicles with original value of \$132,670 and net book value of \$111,940, and other equipment with original value of \$15,471 and net book value of \$9,762. The Company received proceeds of \$72,000, and recognized loss of \$49,702 on disposal of property and equipment.

Depreciation expense was \$58,805 and \$78,605 for the years ended July 31, 2023 and 2022, respectively.

NOTE 9 – INTANGIBLE ASSETS

Net intangible assets consisted of the following:

	As of July 31,	
	2023	2022
Financial and lease platform	\$ -	\$ 56,250
Software	320,000	320,000
Total	320,000	376,250
Less: accumulated amortization	(246,669)	(222,919)
Intangible assets	\$ 73,331	\$ 153,331

Amortization expense was \$80,000 and \$80,000 for the years ended July 31, 2023 and 2022, respectively.

NOTE 10 – INVESTMENTS IN TRADING SECURITIES

As of July 31, 2023 and 2022, the balance of investments in trading securities represented certain equity securities of listed companies purchased through various open market transactions by the Company during the relevant periods. The investments are initially recorded at cost, and subsequently measured at fair value with the changes in fair value recorded in other income (expenses), net in the consolidated statement of operations and comprehensive loss. For the years ended July 31, 2023 and 2022, the Company recorded an increase in fair value of \$192,102 and a decrease in fair value of \$2,432,107, respectively.

Investments in trading securities consisted of the following:

	As of July 31,	
	2023	2022
Trading securities invested by ATIF	\$ 130,649	\$ 12,740
Trading securities invested by ATIF LP	-	20,606
	\$ 130,649	\$ 33,346

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM INVESTMENTS

For the years ended July 31, 2022, the long-term investment represented equity investment without readily determinable fair value measured at measurement alternative. For the year ended July 31, 2023, the Company sold the long-term investments at cost, and the Company had no long-term investments as of July 31, 2023.

As of July 31, 2023 and 2022, the long-term investments consisted of the following:

	As of July 31,	
	2023	2022
Solarever Tecnologia de America S.A. de C.V. (“Solarever”) (a)	\$ -	\$ 185,000
Armstrong Logistic Inc. (“Armstrong”) (b)	-	150,000
	\$ -	\$ 335,000

(a) In April 2022, ATIF Investment entered into an equity investment agreement with Solarever, pursuant to which the Company would make investment of \$2 million in exchange of 5.25% equity interest in Solarever. The investment was solely used to cover professional and legal fees during going public by Solarever. As of July 31, 2022, ATIF Investment made investment of \$185,000 and acquired 0.49% equity interest in Solarever.

The Company accounted for the investment in privately held company using the measurement alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer. As of July 31, 2022, the Company did not identify orderly transactions for similar investments of the investee, or any impairment indicators, and the Company did not record upward or downward adjustments or impairment against the investment.

(b) In May 2022, ATIF Investment entered into an equity investment agreement with Armstrong, pursuant to which the Company would make investment of \$2 million in exchange of 12% equity interest in Armstrong. The investment was solely used to cover professional and legal fees during going public by Armstrong. As of July 31, 2022, ATIF Investment made investment of \$150,000 and acquired 0.90% equity interest in Armstrong.

The Company accounted for the investment in privately held company using the measurement alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer. As of July 31, 2022, the Company did not identify orderly transactions for similar investments of the investee, or any impairment indicators, and the Company did not record upward or downward adjustments or impairment against the investment.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – OPERATING LEASES

The Company leases offices space under non-cancelable operating leases, with lease terms ranging between 14 months to 60 months. During the year ended July 31, 2023, the Company entered into a car lease arrangement with a third party lessor with lease term of 48 months. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Rent expense for the years ended July 31, 2023 and 2022 was \$497,746 and \$460,649, respectively.

Effective August 1, 2019, the Company adopted the new lease accounting standard using a modified retrospective transition method, which allows the Company not to recast comparative periods presented in its consolidated financial statements. In addition, the Company elected the package of practical expedients, which allows the Company to not reassess whether any existing contracts contain a lease, to not reassess historical lease classification as operating or finance leases, and to not reassess initial direct costs. The Company has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. The Company combines the lease and non-lease components in determining the ROU assets and related lease obligation. Adoption of this standard resulted in the recording of operating lease ROU assets and corresponding operating lease liabilities as disclosed below. ROU assets and related lease obligations are recognized at commencement date based on the present value of remaining lease payments over the lease term.

The following table presents the operating lease related assets and liabilities recorded on the balance sheets as of July 31, 2023 and 2022.

	As of July 31,	
	2023	2022
Right-of- use assets, net	\$ 1,058,822	\$ 1,383,464
Operating lease liabilities, current	\$ 415,411	\$ 433,061
Operating lease liabilities, noncurrent	689,498	985,249
Total operating lease liabilities	\$ 1,104,909	\$ 1,418,310

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of July 31, 2023 and 2022:

	As of July 31,	
	2023	2022
Remaining lease term and discount rate		
Weighted average remaining lease term (years)	3.35	3.95
Weighted average discount rate	4.90%	4.90%

The following is a schedule of maturities of lease liabilities as of July 31, 2023 and 2022:

	As of July 31,	
	2023	2022
2023	\$ -	\$ 492,969
2024	457,708	390,469
2025	267,239	240,000
2026	267,239	240,000
2027 and thereafter	204,540	200,000
Total lease payments	1,196,726	1,563,438
Less: imputed interest	(91,817)	(145,128)
Present value of lease liabilities	\$ 1,104,909	\$ 1,418,310

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	As of July 31,	
	2023	2022
Investment securities payable	\$ -	\$ 1,466,490
Due to a third party	-	500,000
Accrued legal consulting expenses	-	125,676
Accrued payroll expenses	212,953	51,623
Others	79,705	130,982
	\$ 292,658	\$ 2,274,771

NOTE 14 – DEFERRED REVENUE

As of July 31, 2023 and 2022, the balance of deferred revenue represented the Company's contract liabilities, including payments received in advance of providing consulting services which will be recognized as revenue as the Company completed the performances. As of July 31, 2023 and 2022, the Company had deferred revenues of \$70,000 and \$90,785, respectively.

For the years ended July 31, 2023 and 2022, \$20,785 and \$nil of advance from customer balance as of July 31, 2022 and 2021 were recognized as revenues in the year ended July 31, 2023 and 2022, respectively.

NOTE 15 – RELATED PARTY TRANSACTIONS

1) *Nature of relationships with related parties*

The table below sets forth the major related parties and their relationships with the Company, with which the Company entered into transactions during the years ended July 31, 2023 and 2022, or recorded balances as of July 31, 2023 and 2022:

Name	Relationship with the Company
Huaya*	Wholly owned by Mr. Pishan Chi, the former Chief Executive Officer of the Company
Asia International Securities Exchange Co., Ltd.	Wholly owned by Mr. Jun Liu, the Chief Executive Officer of the Company

2) *Transactions with related parties*

	As of July 31,	
	2023	2022
Provision of consulting services to related parties		
Huaya	\$ -	\$ 762,000
Asia International Securities Exchange Co., Ltd.	1,300,000	-
	\$ 1,300,000	\$ 762,000

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 – RELATED PARTY TRANSACTIONS (CONTINUED)

3) *Balances with related parties*

As of July 31, 2023 and 2022, the balances due from related parties were as follows:

	As of July 31,	
	2023	2022
Accounts receivable*:		
Huaya (a)	\$ -	\$ 762,000
Asia International Securities Exchange Co., Ltd.	600,000	-
	\$ 600,000	\$ 762,000
Other receivable*:		
Huaya	\$ 40,539	\$ -
	\$ 40,539	\$ -

* As of July 31, 2023, the balance due from related parties were repayable on demand. The Company expected to collect the outstanding receivables from related parties before July 31, 2024.

(a) During the year ended July 31, 2023, the Company provided full provision of \$762,000 against accounts receivable due from Huaya because the management assessed the collection was remote.

As of July 31, 2023 and 2022, the balances due to related parties were as follows:

	As of July 31,	
	2023	2022
Other payables:		
Asia International Securities Exchange Co., Ltd.	\$ 729,968	\$ -
	\$ 729,968	\$ -

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 – TAXES

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled.

British Virgin Islands

Under the current laws of the British Virgin Islands, the Company and ATIF Investment are not subject to tax on income or capital gains in the British Virgin Islands. Additionally, upon payments of dividends to the shareholders, no British Virgin Islands withholding tax will be imposed.

Hong Kong

ATIF HK is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate for the first HKD\$2 million of assessable profits is 8.25% and assessable profits above HKD\$2 million will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019.

ATIF HK did not generate any assessable profits arising in or derived from Hong Kong for the period from August 1, 2021 through May 31, 2022 when the Company transferred its equity interests in ATIF HK. Accordingly no provision for Hong Kong profits tax has been made in the period.

PRC

The PRC Corporate Income Tax (“CIT”) is calculated based on the taxable income determined under the applicable CIT Law and its implementation rules, which became effective on January 1, 2008. CIT Law imposes a unified income tax rate of 25% for all resident enterprises in China, including both domestic and foreign invested enterprises. Huaya qualifies as a Small and Low Profit Enterprise, and is subject to a preferential EIT of 10% for the period from August 1, 2021 through May 31, 2022 when the Company transferred its equity interests in Huaya.

USA

For the US jurisdiction, ATIF Inc., ATIF BC, ATIF BM, ATIF GP, ATIF LP and ATIF BD are subject to federal and state income taxes on its business operations. The federal tax rate is 21% and state tax rate is 8.84%. The Company also evaluated the impact from the recent tax reforms in the United States, including the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and Health and Economic Recovery Omnibus Emergency Solutions Act (“HERO Act”), which both were passed in 2020, no material impact on the Company is expected based on the analysis. The Company will continue to monitor the potential impact going forward.

For the year ended July 31, 2023, the Company incurred current income tax expenses of \$31,200, including federal income tax expenses of \$22,800 and state income tax expenses of \$8,400, respectively. For the year ended July 31, 2022, the Company did not incur income tax expenses.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 – TAXES (continued)

The following table reconciles the statutory federal rate of 21% for the years ended July 31, 2023 and 2022 to the Company’s effective tax rate:

	For the Years Ended	
	July 31,	
	2023	2022
	%	%
Statutory federal rate	21.0	21.0
State tax rate, net of statutory federal effect	8.8	8.8
Rate differential	(23.8)	(16.2)
Permanent difference on non-deductible expenses	(0.1)	0.0
Utilization of net operation losses brought forward	(4.8)	0.0
Change in valuation allowance	(2.2)	(13.6)
Effective tax rate	(1.1)	0.0

Deferred tax assets

The Company’s deferred tax assets (liabilities) are comprised of the following:

	As of July 31,	
	2023	2022
Net operating losses	\$ 282,004	\$ 418,488
Operating lease	13,780	10,398
Property, equipment and others	11,503	527
Gross deferred tax assets	307,287	429,413
Less: valuation allowance	(307,287)	(429,413)
Deferred tax assets, net of valuation allowance	\$ -	\$ -

The Company follows ASC 740, “Income Taxes”, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company’s deferred tax assets primarily derived from the net operating loss (“NOL”). For the years ended July 31, 2023 and 2022, the Company suffered net operating losses due to limited number of customers for ATIF’s consulting service. The Company periodically evaluates the likelihood of the realization of deferred tax assets, and reduces the carrying amount of the deferred tax assets by a valuation allowance to the extent it believes a portion or all of the deferred tax assets will not be realized. The Company considers many factors when assessing the likelihood of future realization of the deferred tax assets, including its recent cumulative earnings experience, expectation of future income, the carry forward periods available for tax reporting purposes, and other relevant factors. As of July 31, 2023 and 2022, management believes that the realization of the deferred tax assets appears to be uncertain and may not be realizable in the near future. Therefore, a 100% valuation allowance has been provided against the deferred tax assets.

Uncertain tax positions

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Interest and penalties related to uncertain tax positions are recognized and recorded as necessary in the provision for income taxes. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. There were no uncertain tax positions as of July 31, 2023 and 2022 and the Company does not believe that its unrecognized tax benefits will change over the next twelve months.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – EQUITY

Ordinary Shares

The Company was incorporated under the laws of the British Virgin Islands on January 5, 2015. Prior to the Reorganization, the Company was authorized to issue up to 100,000,000 ordinary shares with par value of \$0.0004 per share and 50,000,000 shares were issued at par value. On August 21, 2018, the Company amended its Memorandum of Association and passed corporate authorizations to redeem and cancel the 50,000,000 issued shares and simultaneously increased the number of the authorized shares to 100,000,000,000 and increased the par value of each share to \$0.001. In connection with the cancellation of the 50,000,000 shares, the Company issued 50,000 shares to the controlling shareholders at \$0.001 per share.

Reverse stock split

On August 23, 2021, we completed a five (5) for one (1) reverse stock split (the “Reverse Split”) of our issued and outstanding ordinary shares, par value \$0.001 per share. From a BVI legal perspective, the Reverse Split applied to the issued shares of the Company on the date of the Reverse Split and does not have any retroactive effect on the Company’s shares prior that date. However, for accounting purposes only (with no BVI legal effect), references to our ordinary shares in this annual report are stated as having been retroactively adjusted and restated to give effect to the Reverse Split, as if the Reverse Split had occurred by the relevant earlier date.

From a BVI legal perspective, the Reverse Split applied to the issued shares of the Company on the date of the Reverse Split and does not have any retroactive effect on the Company’s shares prior that date. However, for accounting purposes only (with no BVI legal effect), references to our ordinary shares in this annual report are stated as having been retroactively adjusted and restated to give effect to the Reverse Split, as if the Reverse Split had occurred by the relevant earlier date.

In connection with the Reverse Split, the Company issued 6,076 ordinary shares as fractional shares in September 2021.

In October 2021, the investors, who subscribed for ordinary shares in the registered direct offering closed in November 2020, exercised warrants to purchase 389,855 ordinary shares at cash consideration of \$1,068,203. In January 2022, these investors also cashlessly exercised warrants to purchase 70,131 ordinary shares.

As of July 31, 2023 and 2022, the Company had a total of 9,627,452 and 9,627,452 ordinary shares issued and outstanding.

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – EQUITY (continued)

Statutory reserve and restricted net assets

Huaya, the Company's subsidiary incorporated in the PRC, is required to make appropriations to certain reserve funds, comprising the statutory surplus reserve and the discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC ("PRC GAAP"). Appropriations to the statutory surplus reserve are required to be at least 10% of the after-tax net income determined in accordance with PRC GAAP until the reserve is equal to 50% of the entity's registered capital. Appropriations to the discretionary surplus reserve are made at the discretion of the Board of Directors. The statutory reserve may be applied against prior year losses, if any, and may be used for general business expansion and production or increase in registered capital, but are not distributable as cash dividends.

The payment of dividends by entities organized in China is subject to limitations, procedures and formalities. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S GAAP may differ from those in the statutory financial statements of the WFOEs and VIEs. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by State Administration of Foreign Exchange.

In light of the foregoing restrictions, Huaya is restricted in its ability to transfer their net assets to the Company. Foreign exchange and other regulations in the PRC may further restrict its subsidiary in the PRC from transferring funds to the Company in the form of dividends, loans and advances.

As of July 31, 2023 and 2022, the statutory reserve balance of \$355,912 were reclassified to accumulated losses, and total restricted net assets of the Company was \$nil due to the disposal of Huaya in May 2022 (Note 5).

ATIF HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 – CONTIGENCIES

From time to time, the Company is a party to various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Pending Legal Proceeding with Boustead Securities, LLC (“Boustead”)

On May 14, 2020, Boustead filed a lawsuit against the Company and LGC for breaching the underwriting agreement Boustead had with each of the Company and LGC, in which Boustead was separately engaged as the exclusive financial advisor to provide financial advisory services to the Company and LGC.

In April 2020, the Company acquired 51.2% equity interest in LGC after LGC terminated its efforts to launch an IPO on its own. Boustead alleged that the acquisition transaction between the Company and LGC was entered into during the tail period of the exclusive agreement between Boustead and the Company, and therefore deprived Boustead of compensation that Boustead would otherwise have been entitled to receive under its exclusive agreement with the Company and LGC. Therefore, Boustead is attempting to recover from the Company an amount equal to a percentage of the value of the transaction it conducted with LGC.

Boustead’s Complaint alleges four causes of action against the Company, including breach of contract; breach of the implied covenant of good faith and fair dealing; tortious interference with business relationships and quantum meruit.

On October 6, 2020, ATIF filed a motion to dismiss Boustead’s Complaint pursuant to Federal Rule of Civil Procedure 12(b)(6) and 12(b)(5). On October 9, 2020, the United States District Court for the Southern District of New York directed Boustead to respond to the motion or amend its Complaint by November 10, 2020. Boustead opted to amend its complaint and filed the amended complaint on November 10, 2020. Boustead’s amended complaint asserts the same four causes of action against ATIF and LGC as its original complaint. The Company filed another motion to dismiss Boustead’s amended complaint on December 8, 2020.

On August 25, 2021, the United States District Court for the Southern District of New York granted ATIF’s motion to dismiss Boustead’s first amended complaint. In its order and opinion, the United States District Court for the Southern District of New York allowed Boustead to move for leave to amend its causes of action against ATIF as to breach of contract and tortious interference with business relationships, but not breach of the implied covenant of good faith and fair dealing and quantum meruit. On November 4, 2021, Boustead filed a motion seeking leave to file a second amended complaint to amend its cause of action for Breach of Contract. The Court granted Boustead’s motion for leave and Boustead filed the second amended complaint on December 28, 2021 alleging only breach of contract and dropping all other causes of action alleged in the original complaint. On January 18, 2022, the Company filed a motion to dismiss Boustead’s second amended complaint. Boustead filed its opposition on February 1, 2022 and the Company replied on February 8, 2022.

On July 6, 2022, the Court denied our motion to dismiss the second amended complaint. Thereafter, on August 3, 2022, the Company filed a motion to compel arbitration of Boustead’s claims in California. Briefing on the Company’s motion to compel concluded on August 23, 2022. Since the agreement between ATIF and Boustead contains a valid arbitration clause that applies to Boustead’s breach of contract claim, and the parties have not engaged in discovery, on February 14, 2023, the Court ordered that ATIF’s motion to compel arbitration is granted and this case is stayed pending arbitration.

On March 10, 2023, Boustead, filed Demand for Arbitration against ATIF (the Respondent) before JAMS in California and the assigned JAMS case Ref. No. is 5220002783. On May 25, 2023, ATIF filed its answer to deny Boustead’s Demand for Arbitration, which was unsuccessful and the arbitration process was initiated. The arbitrator ordered a motion to be filed by Boustead for a determination of contract interpretation, prior to extensive discovery into issues such as the alleged merits and damages, and to determine whether the contract interpretation should allow the matter to further proceed. Boustead had filed the Motion for Contract Interpretation Determination. ATIF filed its opposition to that Motion on October 16, 2023. The hearing on the motion was held on November 8, 2023, during which the arbitrator extended the hearing to February 29, 2024. The arbitrator also established December 15, 2023, as the deadline for Boustead to submit its reply regarding the contract interpretation issues raised by the Company. Simultaneously, the Company was granted until February 12, 2024, to present its response brief.

Our management believes it is premature to assess and predict the outcome of this pending arbitration.

LIST OF SUBSIDIARIES

The following list sets forth the subsidiaries of the registrant as of July 31, 2023:

Company	State of Incorporation
ATIF Inc.	California
ATIF BD LLC ⁽¹⁾	California
ATIF Business Management LLC ⁽¹⁾	California
ATIF Business Consulting LLC ⁽¹⁾	California
ATIF Investment Limited	British Virgin Islands

(1) Subsidiary of ATIF Inc.



CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
ATIF Holdings Limited

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333- 268927) of our report dated November 13, 2023, with respect to our audits of the consolidated financial statements of ATIF Holdings Limited as of and for the years ended July 31, 2023 and 2022, which are incorporated in this Annual Report on Form 10-K of ATIF Holdings Limited for the year ended July 31, 2023.

We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ **ZH CPA, LLC**

Denver, Colorado

November 13, 2023

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Ming Yue, certify that:

1. I have reviewed this Annual Report on Form 10-K of ATIF Holdings Limited (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - e. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - f. 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;
 - g. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - h. Disclosed in this report any change in the Registrant’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 Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 13, 2023

By: /s/ Ming Yue

Name: Ming Yue

Title: Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ATIF Holdings Limited (the "Company") on Form 10-K for the year ended July 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/ Jun Liu

Name: Jun Liu

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ATIF Holdings Limited (the “Company”) on Form 10-K for the year ended July 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/ Ming Yue
Name: Ming Yue
Title: Chief Financial Officer
(Principal Financial Officer)

ATIF HOLDINGS LIMITED

CLAWBACK POLICY

Introduction

The Board of Directors (the “**Board**”) of ATIF Holdings Limited (the “**Company**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”).

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company’s securities are listed, and such other senior executives or employees who may from time to time be deemed subject to the Policy by the Board (“**Covered Executives**”).

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, the Board will require reimbursement or forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following; provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure (the “**Incentive Compensation**”):

- Annual bonuses and other short- and long-term cash incentives.
 - Stock options.
 - Stock appreciation rights.
 - Restricted stock.
 - Restricted stock units.
-

- Performance shares.
- Performance units.

Financial reporting measures include:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- (a) requiring reimbursement of cash Incentive Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

(d) cancelling outstanding vested or unvested equity awards; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the "**Effective Date**") and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

ATIF Holdings Limited**CODE OF BUSINESS CONDUCT AND ETHICS**

This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide the employees of ATIF Holdings Limited and its subsidiaries (the “Company”). All of our employees must conduct themselves in accordance with these principles and seek to avoid even the appearance of improper behavior. The Company’s agents and representatives, including consultants and directors, to the extent practicable, shall also follow this Code.

This Code is in addition to and supplements the other policies and procedures which have been implemented by the Company. If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about a conflict, you should ask your supervisor how to handle the situation.

All claims of violations of this Code will be investigated by appropriate personnel. Those who violate the standards in this Code will be subject to disciplinary action. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 14 of this Code.

1. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which this Company’s ethical standards are built. All employees must respect and obey the laws of all jurisdictions in which the Company operates. Any employee who is unsure about any aspect of these laws should seek advice from supervisors, managers or other appropriate personnel.

2. Record-Keeping

Accuracy and reliability in the preparation of all business records is critically important to the Company’s decision-making process and to the proper discharge of its financial, legal, and reporting obligations. Under BVI law, the Company is required to maintain records and underlying documentation which are sufficient to show and explain the Company’s transactions and will, at any time, enable the financial position of the Company to be determined with reasonable accuracy. Consequently, all of the Company’s books, records, accounts and financial statements shall be maintained in reasonable detail, shall appropriately reflect the Company’s transactions and shall conform both to applicable legal requirements and to the Company’s system of internal controls. Unrecorded or “off the books” funds or assets shall not be maintained unless permitted by applicable law or regulation.

Many employees regularly incur business expenses, which must be documented and recorded accurately. If you are not sure whether a certain expense is appropriate, consult the policy or ask your supervisor.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports.

Under BVI law, the Company is required to retain its records and underlying documentation for a period of at least five (5) years from the date (i) of completion of the transaction to which the records and underlying documentation relate; or (ii) the Company terminated the business relationship to which the records and underlying documentation relate. Records shall always be retained or destroyed according to the Company’s record retention policies.

3. Conflicts of Interest and Related Party Transactions

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest. Loans to, or guarantees of obligations of, directors, executive officers and their family members are prohibited.

A conflict of interest almost always exists when a Company employee works concurrently for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with the Company's competitors, customers or suppliers, except on the Company's behalf.

A conflict of interest may occur when an employee of the Company has an ownership or financial interest in another business organization that is doing business with the Company. These transactions between the Company and the other organization are characterized as related party transactions. While not all related party transactions are improper, the Company must be aware of the details of each such transaction so that it can make a judgment as to the appropriateness of the transaction. If you or a family member have any ownership or financial interest in another organization that conducts business or seeks to conduct business with the Company, you must report the situation to the Chief Executive Officer ("CEO") and cooperate with the legal staff by providing all relevant facts. The CEO will determine whether or not the related party transaction is a conflict of interest.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear, so if you have a question, you should consult with higher levels of management or the Company's CEO. Any employee, officer or director who becomes aware of a conflict or potential conflict shall bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section 14 of this Code. Under BVI law, directors, on becoming aware of the fact that he or she is interested in a transaction are also required to disclose the interest to the Board of Directors in accordance with the relevant provisions of the BVI Business Companies Act, 2004 (as amended).

4. Confidentiality

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the CEO or legally mandated. Even within the Company, you should disclose confidential information only to those employees who need to know the information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

5. Insider Trading

Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company shall be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. If you have any questions, you should consult the Company's CEO.

6. Corporate Opportunities

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No employee shall use corporate property, information, or position for improper personal gain, and no employee shall compete with the Company directly or indirectly. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

7. Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee shall endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment shall ever be offered, given, provided or accepted by any Company employee, family member of an employee or agent unless it:

- is not a cash gift,
- is consistent with customary business practices,
- is not excessive in value,¹
- cannot be construed as a bribe or payoff, and
- does not violate any laws or regulations.

8. Discrimination and Harassment

The diversity of the Company's employees is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and shall not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial, gender, religious, or ethnic characteristics and unwelcome sexual advances.

9. Health and Safety

The Company strives to provide each employee with a safe and healthful work environment. Each employee has the responsibility for maintaining a safe and healthful workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees must report to work in condition to perform their duties, free from the influence of alcohol or illegal drugs. The use of alcohol or illegal drugs in the workplace is not tolerated.

10. Protection and Proper Use of Company Assets

All employees shall endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes. Any suspected incident of theft, carelessness, or waste of or with Company assets shall be immediately reported for investigation. Company equipment shall not be used for non-Company business, although incidental personal use may be permitted by your supervisor.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil and/or criminal penalties.

11. Accounting and Related Matters

All employees participate, in some measure, in the gathering of information made available to the Company's accounting department for use in the Company's financial reports and other information required to be publicly disclosed by the Securities and Exchange Commission and the NASDAQ Stock Market LLC. Each employee should endeavor to ensure that such information is accurate and complete in all material respects through full compliance with the Company's accounting requirements, internal disclosure and accounting controls and audits.

¹ Ogier comment – what does “excessive in value” mean? We recommend including a specific financial limit in relation to the value of gifts (eg US\$100), with any gifts above that level to be disclosed to the Company's compliance officer.

12. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for executive officers or directors may be made only by the Corporate Governance Committee of the Board and shall be promptly disclosed as required by law or stock exchange regulation.

13. Administration of Code

This Code shall be administered by the Company's CEO, who shall act as the Corporate Compliance Officer of the Company, Company employees are encouraged to seek guidance regarding the application or interpretation of this Code from the CEO and are expected to cooperate fully in any investigation of any potential violation of this Code.

14. Reporting Violations; Compliance Procedures

All employees shall work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since no one can anticipate every situation that will arise, it is important to have a way to approach a new question or problem. These are the steps to keep in mind:

- **Make sure you have all the facts.** In order to reach the right solutions, you must be as fully informed as possible.
- **Ask yourself:** What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- **Clarify your responsibility and role.** In most situations there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- **Discuss the problem with your supervisor.** You are encouraged to talk to your supervisor about any issues concerning illegal, unethical or improper behavior and when in doubt about the best course of action in a particular situation. This is the basic guidance for all situations. In many cases your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember it is your supervisor's responsibility to help solve problems.
- **Report serious violations to the Company's CEO.** You should report serious violations that have not been properly addressed by your supervisor or other resources of the Company to the CEO. However, if it is not appropriate to discuss an issue with the CEO, or if you believe that the CEO has not properly addressed the violations, you may contact any independent director of the Board of Directors. In the rare case that you become aware of a material legal violation or a breach of fiduciary duty by an employee of the Company, address your concerns to: Nominating/Corporate Governance Committee Chairman, Asia Times Holdings Limited, Room 3808, Dachong International Centre, 39 Tonggu Road, Nanshan district, Shenzhen, China.
- **Reporting of accounting issues.** If you are aware of an issue concerning accounting, auditing or the Company's internal accounting controls, address your concerns with the Company's internal audit function or to the CEO. In the event that you believe that the Company has not properly responded to the issue, you may address your concerns to: Audit Committee Chairman, Asia Times Holdings Limited, Room 3808, Dachong International Centre, 39 Tonggu Road, Nanshan district, Shenzhen, China.
- **You may report any possible violation in confidence and without fear of retaliation.** If your situation requires that your identity be kept secret, your anonymity will be protected and you will be guaranteed confidentiality in the handling of your claim. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.
- **Always ask first, act later:** If you are unsure of, what to do in any situation, seek guidance before you act.