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

FORM 8-K/A

Amendment No. 1 to
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 13, 2021

AVALON GLOBOCARE CORP.
(Exact name of registrant as specified in its charter)

Delaware	000-55709	47-1685128
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

4400 Route 9 South, Suite 3100, Freehold, New Jersey 07728
(Address of principal executive offices) (zip code)

732-780-4400
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

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. ☐

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	AVCO	The Nasdaq Capital Market

EXPLANATORY NOTE

This Amendment No. 1 to Form 8-K ("Form 8-K/A") amends the Current Report on Form 8-K filed by Avalon GloboCare Corp. (the "Company"), with the Securities and Exchange Commission ("SEC") on June 14, 2021 (the "Original Filing"). This Form 8-K/A is being filed solely for the purposes of (i) filing with the SEC (a) the audited financial statements of Lonlon Biotech Ltd. ("Sen Lang") and related auditors' report and consent for the year ended December 31, 2020, (b) the unaudited financial statements of Sen Lang for the quarter ended March 31, 2021 and (c) the unaudited pro forma financial information of the Company and Sen Lang with respect to the Acquisition (as defined in the Original Filing), and (ii) correcting the percentage of the equity of the OpCo (as defined in the Original Filing) disclosed as being purchased in the Equity Financing (as defined in the Original Filing) and filing with the SEC an amendment to the Exchange Agreement (as defined in the Original Filing). This Form 8-K/A does not change any of the other information contained in the Original Filing except as specifically set forth herein. This Form 8-K/A continues to speak as of the date of the Original Filing and we have not updated or amended any disclosures, except as specifically set forth herein, contained in the Original Filing to reflect events that have occurred since the time of the Original Filing.

Item 1.01 Entry into a Material Definitive Agreement

Equity Financing

In connection with the Acquisition, on June 13, 2021, an institutional investor (the "Investor") entered into an agreement with the OpCo related to the purchase of registered capital of the OpCo (the "OpCo Capital Increase Agreement") pursuant to which the Investor will acquire an aggregate of up to 13.5% of the equity ownership of the OpCo for an aggregate purchase price (the "Subscription Amount") of approximately US$30,000,000 (represented by an actual investment of RMB200,000,000) (the "Equity Financing"), which funds will be invested in the OpCo in three equal installments of approximately US$10,000,000, at a fixed price, the first to be upon the closing of the Acquisition, the second to be within three months after the closing and the third to be within six months after the closing. In addition, pursuant to a Securities Exchange Agreement (the

“Exchange Agreement”), by and among the Company, Sen Lang, the OpCo and the Investor, dated June 13, 2021, the Investor has the right, exercisable between the six-month and five year-anniversaries of the respective initial closing and installment closings, to elect to exchange, from time to time, all or part of its then-owned equity ownership of the OpCo for shares (the “Exchange Shares”) of Avalon Common Stock at a fixed exchange price of US$1.21 per share of Avalon Common Stock, which was the market price of the Avalon Common Stock as of the date of the Exchange Agreement under Nasdaq rules. In addition, the Exchange Agreement provides that the Investor may only exchange up to 10% of its total investment amount in any 30 day period.

On June 24, 2021, the Company, Sen Lang, the OpCo and the Investor entered into Amendment No. 1 to Securities Exchange Agreement (“Amendment No. 1”) to clarify that the percentage of the OpCo’s capital being purchased by the Investor is approximately 13.5% (rather than the 15.6% previously reported).

The foregoing summary of Amendment No. 1 does not purport to be complete and is qualified in its entirety by reference to the actual agreement, which is filed as Exhibit 10.2 hereto.

Item 3.02 Unregistered Sales of Equity Securities

The information with respect to the Acquisition and the Equity Financing, including the Purchase Agreement and the Exchange Agreement, as amended, is incorporated into this Item 3.02 by reference. The Acquisition Shares and the Exchange Shares have not been, and will not be, registered under the Securities Act, and instead will be issued pursuant to the exemption provided in Section 4(a)(2) under the Securities Act and Rule 506(b) promulgated thereunder.

Item 7.01 Regulation FD

On June 28, 2021, Avalon issued a press release and letter to stockholders with information regarding the Acquisition and the Equity Financing. A copy of the press release is attached hereto as Exhibit 99.5. The information in this Current Report on Form 8-K under Item 7.01, including the information contained in Exhibit 99.5, is being furnished to the Securities and Exchange Commission, and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by a specific reference in such filing.

Item 8.01 Other Events.

Stock Ownership of Avalon Officers and Directors

Currently, the officers and directors of Avalon own in the aggregate approximately 64.1% of the outstanding shares of Avalon Common Stock and are expected to vote in favor of the issuance of the Acquisition Shares pursuant to Nasdaq rules.

Sen Lang Financial Statements

Sen Lang’s audited consolidated financial statements for the year ended December 31, 2020, and the notes related thereto, filed herewith and attached as Exhibit 99.2, are incorporated herein by reference.

Sen Lang’s unaudited condensed consolidated financial statements for the quarter ended March 31, 2021, and the notes related thereto, filed herewith and attached as Exhibit 99.3, are incorporated herein by reference.

Pro Forma Financial Information

The Company’s unaudited pro forma consolidated combined statements of operations and comprehensive loss for the year ended December 31, 2020 and the three months ended March 31, 2021, the unaudited pro forma consolidated combined balance sheet as of March 31, 2021, and the notes related thereto, are filed as Exhibit 99.4 to this Form 8-K/A and incorporated herein by reference.

Additional Information about the Proposed Acquisition Transaction and Where to Find It

This communication relates to the proposed Acquisition and may be deemed to be solicitation material in respect of the Acquisition. In connection with the Acquisition, Avalon will file relevant materials with the U.S. Securities and Exchange Commission (the “SEC”), including a proxy statement on Schedule 14A (the “Proxy Statement”). This communication is not a substitute for the Proxy Statement or for any other document that Avalon may file with the SEC or send to Avalon’s stockholders in connection with the Acquisition. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF AVALON ARE URGED TO READ THE PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AVALON, THE ACQUIRED COMPANIES, THE ACQUISITION AND RELATED MATTERS. The Acquisition will be submitted to Avalon’s stockholders for their consideration. Investors and security holders will be able to obtain free copies of the Proxy Statement (when available) and other documents filed by Avalon with the SEC through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed by Avalon with the SEC will also be available free of charge on Avalon’s website at www.avalon-globocare.com or by contacting Avalon’s Investor Relations contact at PR@Avalon-GloboCare.com.

Participants in the Solicitation

Avalon and its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from Avalon’s stockholders with respect to the Acquisition under the rules of the SEC. Information about the directors and executive officers of Avalon and their ownership of shares of Avalon’s common stock is set forth in its Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 30, 2021 and in subsequent documents filed with the SEC, including the Proxy Statement. Additional information regarding the persons who may be deemed participants in the proxy solicitations and a description of their direct and indirect interests in the Acquisition, by security holdings or otherwise, will also be included in the Proxy Statement and other relevant materials to be filed with the SEC when they become available. You may obtain free copies of this document as described above.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Avalon generally identifies forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. These statements are only predictions. Avalon has based these forward-looking statements largely on its then-current expectations and projections about future events and financial trends as well as the beliefs and assumptions of management.

Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Avalon's control. Avalon's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: (i) risks associated with Avalon's ability to obtain the stockholder approval required to consummate the Acquisition in accordance with Nasdaq rules and the timing of the closing of the Acquisition, including the risks that a condition to closing would not be satisfied within the expected timeframe or at all or that the closing of the Acquisition will not occur; (ii) the outcome of any legal proceedings that may be instituted against the parties and others related to the Purchase Agreement; (iii) the occurrence of any event, change or other circumstance or condition that could give rise to the termination of the Purchase Agreement, (iv) unanticipated difficulties or expenditures relating to the Acquisition, the response of business partners and competitors to the announcement of the Acquisition; and (v) those risks detailed in Avalon's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC, as well as other documents that may be filed by Avalon from time to time with the SEC. Accordingly, you should not rely upon forward-looking statements as predictions of future events. Avalon cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. The forward-looking statements made in this communication relate only to events as of the date on which the statements are made. Except as required by applicable law or regulation, Avalon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*.

Exhibit Number	Description
10.2	Amendment No. 1 to Securities Exchange Agreement, dated June 24, 2021, among Avalon GloboCare Corp, Lonlon Biotech Ltd., Senlang Biotechnology Co. Ltd. and Yueyin Datong (Tianjin) Asset Management Co. Ltd.
23.1	Consent of Friedman LLP.
99.2	Sen Lang's audited consolidated financial statements for the year ended December 31, 2020, and the notes related thereto.
99.3	Sen Lang's unaudited condensed consolidated financial statements for the quarter ended March 31, 2021, and the notes related thereto
99.4	The Company's unaudited pro forma consolidated combined statements of operations and comprehensive loss for the year ended December 31, 2020 and the three months ended March 31, 2021, the unaudited pro forma consolidated combined balance sheet as of March 31, 2021, and the notes related thereto.
99.5	Press Release dated June 28, 2021.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVALON GLOBOCARE CORP.

Dated: June 28, 2021

By: /s/ Luisa Ingargiola
Name: Luisa Ingargiola
Title: Chief Financial Officer

AMENDMENT NO. 1
TO
SECURITIES EXCHANGE AGREEMENT

This Amendment No. 1 to Securities Exchange Agreement (this "Amendment No. 1") is dated as of June 24, 2021, among Avalon GloboCare Corp., a Delaware corporation (the "Company"), Lonlon Biotech Ltd., a company incorporated in the British Virgin Islands ("Sen Lang"), Senlang Biotechnology Co. Ltd. (河北森朗生物科技有限公司 in Chinese), a company with limited liability organized and existing under the laws of the PRC (the "OpCo"), and Yueyin Datong (Tianjin) Asset Management Co. Ltd. (in Chinese, 约印大通（天津）资产管理有限公司), a limited liability company organized and existing under the laws of the People's Republic of China (including its successors and assigns, "Purchaser").

WHEREAS, the Parties have entered into that certain Securities Exchange Agreement dated as of June 13, 2021 (the "**Securities Exchange Agreement**"), pursuant to which Purchaser agrees to subscribe to RMB200,000,000 of the OpCo's registered capital in exchange of, at Purchaser's option, Common Stock of the Company or Capital Stock of Sen Lang, under the terms and conditions of the **Securities Exchange Agreement**.

WHEREAS, the Parties desire to enter into this Amendment No. 1 to amend, modify and supplement the **Securities Exchange Agreement**.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Section 2.2 of the **Securities Exchange Agreement** shall be amended and restated in its entirety to read as follows:

2.2 Purchase of Registered Capital. Upon the terms and subject to the conditions set forth in the OpCo Capital Increase Agreement, the OpCo agrees to sell, and Purchaser agrees to purchase, equity interests of the OpCo, representing in the aggregate of 13.5302%[1] of the OpCo's total registered capital (the "Registered Capital") pursuant to the Capital Increase Agreement with the excess of the payment amount over the Registered Capital as the OpCo's "capital excess". The effectiveness of each of this Agreement and the OpCo Capital Increase Agreement is contingent upon, and its closing will be substantially concurrent with the closing of the transactions contemplated by the Acquisition Agreement (the "Acquisition Closing").

2. Except as specifically amended and supplemented herein, all aspects of **the Securities Exchange Agreement** shall remain in full force and effect.

(Signature Pages Follow)

1 The percentage registered capital to be inserted at the date of execution of this Agreement and the OpCo Capital Increase Agreement shall be calculated as follows: (a) the Subscription Amount in RMB paid by the Purchasers pursuant to the OpCo Capital Increase Agreement converted to USD at the Exchange Rate of 6.3856 (the Exchange Rate on June 11, 2021), divided by (b) the total of (i) the sum of (x) the outstanding shares of Common Stock of the Company (84,425,564 shares) plus (y) 81,000,000 (the number of shares of Common Stock of the Company to be issued pursuant to the Acquisition Agreement), multiplied by the Per Share Exchange Price, plus (ii) the Subscription Amount. Such percentage of OpCo's registered capital shall only applicable in the event of that the Purchaser has paid up the Total Subscription Amount to OpCo, and the final and acutal percentage of the registered capital of the OpCo held by the Purchaser shall be adjusted based on the actual Subcription Amount paid by the Purchaser pursuant to the OpCo Capital Increase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Securities Exchange Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

AVALON GLOBOCARE CORP.

By: /s/ Dr. David Jin
Name: Dr. David Jin
Title: CEO

Address for Notice:

Email:
Fax:

With a copy to (which shall not constitute notice):

Lowenstein Sandler LLP
1251 Avenue of the Americas
New York, New York 10021
Attn: Steven M. Skolnick, Esq.
Email: sskolnick@lowenstein.com

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SIGNATURE PAGE FOR PURCHASER FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Exchange Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

SENLANG BIOTECHNOLOGY CO. LTD.

By: /s/ Ding Wei
Name: Ding Wei
Title: Chairman

Address for Notice:

Email:
Fax:

With a copy to (which shall not constitute notice):

JunHe LLP
26/F HKRI Centre One, HKRI Taikoo Hui 288
Shimen Road (No.1), Shanghai 200041, P. R. China
Attn: Frank Zhou
Email: zhouf@junhe.com

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SIGNATURE PAGE FOR PURCHASER FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Exchange Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

LONLON BIOTECH LTD.

By: /s/ Ding Wei
Name: Ding Wei
Title: Director

Address for Notice:

Email:
Fax:

With a copy to (which shall not constitute notice):

Lowenstein Sandler LLP
1251 Avenue of the Americas
New York, New York 10021
Attn: Steven M. Skolnick, Esq.
Email: sskolnick@lowenstein.com

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SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGES TO SECURITIES EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Exchange Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: Yueyin Datong (Tianjin) Asset Management Co. Ltd. (in Chinese**约印大通（天津）资产管理有限公司)**

Signature of Authorized Signatory of Purchaser: __/s/ Xiong Shuirou____________________
(Seal)

Name of Authorized Signatory: ________ Xiong Shuirou ______________________________

Title of Authorized Signatory: ________President, Partner_____________________________

Email Address of Authorized Signatory: ____

Address for Notice to Purchaser:

1-708, Chuangzhi Building, 482 Dongmanzhong Road, Sino-Singapore Tianjin Eco-city, Binhai New Area, Tianjin City, P.R. China
(中国天津市滨海新区中新天津生态城动漫中路482号创智大厦1-708)

Address for Delivery of Shares to Purchaser upon an Exchange (if not same as address for notice):

[SIGNATURE PAGES CONTINUE]

EXHIBIT A

AMENDMENT 1 TO CAPITAL INCREASE AGREEMENT
OF
SENLANG BIOTECHNOLOGY CO. LTD. (河北森朗生物科技有限公司)

Exhibit 23.1

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the inclusion by reference in the registration statements on Form S-3 (File No. 333-229118) and Form S-8 (File No. 333-251196) of Avalon GloboCare Corp. of our report dated June 24, 2021, with respect to our audits of the consolidated financial statements of Lonlon Biotech Ltd. as of December 31, 2020 and 2019 and for the years then ended, which included an explanatory paragraph as to Lonlon Biotech Ltd.'s ability to continue as a going concern, which appears in this Current Report on Form 8-K of Avalon GloboCare Corp.

/s/ Friedman LLP
New York, New York
June 25, 2021

Exhibit 99.2

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

LONLON BIOTECH LTD. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Lonlon Biotech Ltd.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Lonlon Biotech Ltd. and its subsidiaries (collectively the Company) as of December 31, 2020 and 2019, and the related statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Going Concern Matter

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 suffered significant losses from operations and had significant working capital deficit and accumulated deficit that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Friedman LLP

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

New York, New York

June 24, 2021

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 18,935	$ 164,994
Accounts receivable	45,271	1,528
Recoverable VAT	335,150	320,247
Inventory	125,962	104,355
Prepaid expenses and other current assets	21,017	58,007
Total Current Assets	546,335	649,131
NON-CURRENT ASSETS:		
Security deposit and other long-term assets	50,012	75,843
Operating lease right-of-use assets, net	320,123	487,797
Property and equipment, net	2,567,522	3,110,094
Total Non-current Assets	2,937,657	3,673,734
Total Assets	$ 3,483,992	$ 4,322,865
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 918,752	$ -
Notes payable - related party	245,000	-
Accounts payable	310,330	79,439
Salary payable	105,810	107,014
Accrued leasehold improvements liabilities	315,583	1,428
Accrued liabilities and other payables	37,432	59,329
Deferred revenue	88,508	2,821
Deferred grant income	260,679	171,074
Operating lease obligation	155,470	133,133
Total Current Liabilities	2,437,564	554,238
NON-CURRENT LIABILITIES:		
Deferred grant income - noncurrent portion	351,677	495,651
Operating lease obligation - noncurrent portion	105,566	300,235
Total Non-current Liabilities	457,243	795,886
Total Liabilities	2,894,807	1,350,124
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Ordinary shares, $1.00 par value; 50,000 shares authorized; 10,001 shares issued and outstanding at December 2020 and 2019 *	10,001	10,001
Additional paid-in capital	8,946,197	8,946,197
Accumulated deficit	(8,380,014)	(5,937,651)
Accumulated other comprehensive income (loss)	13,001	(45,806)
Total shareholders' equity	589,185	2,972,741
Total Liabilities and Shareholders' Equity	$ 3,483,992	$ 4,322,865

* The shares amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Years Ended December 31, 2020	2019
REVENUES		
General laboratory testing	$ 649,932	$ 77,594
Immunology and hematology testing	440,183	15,736
Total Revenues	1,090,115	93,330
COST OF REVENUES		
General laboratory testing	343,794	35,972
Immunology and hematology testing	197,444	10,269
Total Cost of Revenues	541,238	46,241
GROSS PROFIT		
General laboratory testing	306,138	41,622
Immunology and hematology testing	242,739	5,467
Total Gross Profit	548,877	47,089
OPERATING EXPENSES:		
Research and development expenses	2,813,250	2,624,879
Selling and marketing expenses	163,145	-
General and administrative expenses	925,438	1,020,825
Grant income	(929,505)	(612,769)
Total Operating Expenses	2,972,328	3,032,935
LOSS FROM OPERATIONS	(2,423,451)	(2,985,846)
OTHER (EXPENSE) INCOME		
Interest expense	(12,397)	-
Interest expense - related party	(11,169)	-
Other income	4,654	6,942
Total Other (Expense) Income, net	(18,912)	6,942
LOSS BEFORE INCOME TAXES	(2,442,363)	(2,978,904)
INCOME TAXES	-	-
NET LOSS	$ (2,442,363)	$ (2,978,904)
COMPREHENSIVE LOSS:		
NET LOSS	$ (2,442,363)	$ (2,978,904)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized foreign currency translation gain (loss)	58,807	(50,204)
COMPREHENSIVE LOSS	$ (2,383,556)	$ (3,029,108)
NET LOSS PER ORDINARY SHARE:		
Basic and diluted *	$ (244.21)	$ (297.86)
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:		
Basic and diluted *	10,001	10,001

* The shares and per share amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAEHOLDERS' EQUITY
For the Years Ended December 31, 2020 and 2019

	Ordinary Shares * Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity

Balance as of December 31, 2018	10,001	$ 10,001	$ 8,946,197	$ (2,958,747)	$ 4,398	$ 6,001,849
Foreign currency translation adjustment	-	-	-	-	(50,204)	(50,204)
Net loss for the year	-	-	-	(2,978,904)	-	(2,978,904)
Balance as of December 31, 2019	10,001	10,001	8,946,197	(5,937,651)	(45,806)	2,972,741
Foreign currency translation adjustment	-	-	-	-	58,807	58,807
Net loss for the year	-	-	-	(2,442,363)	-	(2,442,363)
Balance as of December 31, 2020	10,001	$ 10,001	$ 8,946,197	$ (8,380,014)	$ 13,001	$ 589,185

* The shares amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,442,363)	$ (2,978,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,147,115	889,410
Amortization of right-of-use assets	189,283	169,451
Loss on disposal of property and equipment	12,855	406
Changes in operating assets and liabilities:		
Accounts receivable	(41,306)	(1,540)
Recoverable VAT	5,973	(93,654)
Inventory	(13,907)	(92,778)
Prepaid expenses and other current assets	38,647	124,134
Security deposit and other long-term assets	3,116	-
Accounts payable	213,553	34,799
Salary payable	(7,849)	50,441
Accrued liabilities and other payables	(24,445)	34,546
Deferred revenue	80,924	2,842
Deferred grant income	(93,261)	(157,859)
Operating lease obligation	(190,279)	(173,647)
NET CASH USED IN OPERATING ACTIVITIES	(1,121,944)	(2,192,353)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(128,109)	(870,110)
Prepayment for property and equipment	-	(11,578)
NET CASH USED IN INVESTING ACTIVITIES	(128,109)	(881,688)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	869,578	-
Proceeds from related party’s borrowings	608,704	-
Repayments for related party’s borrowings	(376,817)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,101,465	-
EFFECT OF EXCHANGE RATE ON CASH	2,529	(16,066)
NET DECREASE IN CASH	(146,059)	(3,090,107)
CASH - beginning of year	164,994	3,255,101
CASH - end of year	$ 18,935	$ 164,994
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 20,782	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment acquired on credit as payable	$ 297,251	$ 1,439

Property and equipment acquired by decreasing prepayment for long-term assets	$ 26,087	$ -

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

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

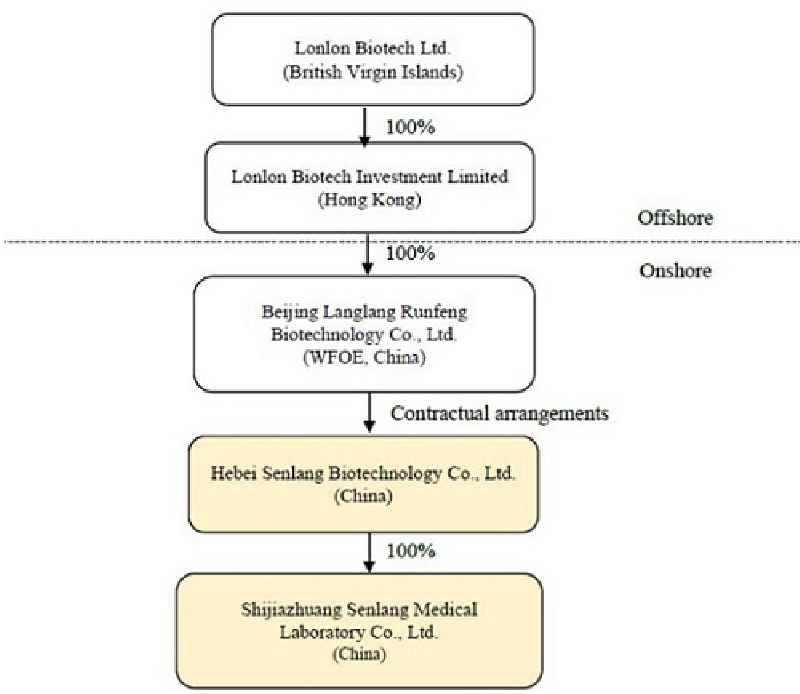
Lonlon Biotech Ltd. (“Senlang” or the “Company”) is a holding company incorporated in the British Virgin Islands (“BVI”) on October 15, 2020. The Company is mainly engaged in the business of research and development in relation to CAR-T cell therapy, immune cell therapy and related drug development in the People’s Republic of China (“PRC” or “China”), through a variable interest entity (“VIE” as defined in Note 4), Hebei Senlang Biotechnology Co., Ltd. (“SenlangBio”), which was established on January 29, 2016, and subsidiary of the VIE. SenlangBio also provides immunology and hematology testing services, mainly related to cell therapy, including tumor biomarkers and immunophenotyping. On February 9, 2018, SenlangBio formed a wholly owned subsidiary, Shijiazhuang Senlang Medical Laboratory Co., Ltd. (“SenlangBio Clinical Laboratory”), in China, which focuses on general laboratory testing for patients and other customers, including genomics, proteomics, routine blood/urine testing, COVID-19 PCR/antibody testing etc.

On November 2, 2020, Senlang established a wholly owned subsidiary in Hong Kong, Lonlon Biotech Investment Limited (“Senlang HK”), which is a holding company. On November 20, 2020, Senlang HK established a Wholly Foreign-Owned Enterprise in China, Beijing Langlang Runfeng Biotechnology Co., Ltd. (“Senlang BJ” or “WFOE”).

On April 26, 2021, Senlang BJ entered into a series of contractual arrangements, or VIE agreements with SenlangBio and 13 equity holders of SenlangBio, through which the Company obtained control and became the primary beneficiary of SenlangBio, hereinafter referred to as the Reorganization. As a result, SenlangBio became the Company’s VIE.

On April 26, 2021, the Company completed its reorganization of the entities under the common control of 13 majority shareholders through their 100% controlled entities incorporated in the British Virgin Islands, and indirectly owned a majority of the equity interests of the Company, its subsidiaries, its VIE and the VIE’s subsidiary prior to and after the Reorganization. The Company was established as a holding company of Senlang BJ. Senlang BJ is the primary beneficiary of SenlangBio, and all of these entities are under common control of the Company’s ultimate controlling shareholders before and after the Reorganization, which results in the consolidation of the Company and has been accounted for as a reorganization of entities under common control at carrying value and for accounting purpose, the reorganization was accounted for as a recapitalization. The consolidated financial statements are prepared on the basis as if the Reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements of the Company.

The following chart illustrates the Company’s corporate structure, including its subsidiaries, consolidated variable interest entity and VIE’s subsidiary as of the issuance date of this report:



NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (continued)

VIE Agreements with SenlangBio

Upon the completion of the reorganization, the Company, through the WFOE, entered into the following contractual arrangements with the VIE and the VIE's 13 shareholders that enabled the Company to (1) have power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receive the economic benefits of the VIE that could be significant to the VIE. Accordingly, the WFOE was considered the primary beneficiary of the VIE and had consolidated the VIE and the VIE's subsidiary' financial results of operations, assets and liabilities in the Company's consolidated financial statements.

Contracts that give the Company effective control of the VIE

Equity Pledge Agreement

Under the Equity Pledge Agreement between Senlang BJ, SenlangBio and SenlangBio's shareholders, SenlangBio's shareholders agree to pledge all of their equity interests in SenlangBio to Senlang BJ to guarantee the performance of SenlangBio and SenlangBio's shareholders' obligations under the Exclusive Technical Consultation and Service Agreement, the Exclusive Purchase Option Agreement, the Shareholder's Rights Proxy Agreement, and the Spousal Consent ("Transaction Agreements"). Under the terms of the Equity Pledge Agreement, in the event that SenlangBio or SenlangBio's shareholders breach their respective contractual obligations under the Transaction Agreements or the Equity Pledge Agreement, Senlang BJ, as pledgee, is entitled to directly exercise the pledge right and to notify SenlangBio's shareholders to immediately repay or pay the loans or other payables under the Transaction Agreements. SenlangBio's shareholders further agreed not to dispose of the pledged equity interests without prior written consent from Senlang BJ.

The pledge is effective on the date when the registration of the equity pledge is completed with the competent administration for industry and commerce, and the term of validity of the pledge is the same as the longest term of validity in the Transaction Agreements.

The purposes of the Equity Pledge Agreement are to (1) guarantee the performance of SenlangBio and SenlangBio's shareholders' obligations under the Transaction Agreements, (2) make sure SenlangBio's shareholders do not transfer or assign the pledged equity interests, or create or allow any encumbrance that would prejudice interests of Senlang BJ without prior written consent from Senlang BJ, and (3) provide Senlang BJ control over SenlangBio.

In the event SenlangBio or SenlangBio's shareholders breaches their contractual obligations under the Transaction Agreements or Equity Pledge Agreement, Senlang BJ will be entitled to (1) be compensated on a preferential basis with the proceeds from the conversion, auction or sale of the pledged equity, and (2) notify SenlangBio's shareholders to immediately repay the loans or other payables under the Transaction Agreements.

Exclusive Purchase Option Agreement

Under the Exclusive Purchase Option Agreement, SenlangBio's shareholders irrevocably grants Senlang BJ (or its designee) an exclusive right to purchase the equity held by SenlangBio's shareholders in the SenlangBio in whole or in part at any time during the term of the Agreement; SenlangBio also irrevocably grants Senlang BJ (or its designee) an exclusive right to purchase the assets owned by SenlangBio in whole or in part at any time during the term of the Agreement.

With respect to consideration for equity purchase, Senlang BJ has the right to purchase all or part of the equity held by SenlangBio's shareholders in SenlangBio at the lowest price permitted by the PRC laws. With respect to the price for asset purchase, Senlang BJ has the right to purchase SenlangBio's assets at a price equivalent of the net book value of the purchased assets; provided that if the minimum price permitted by the PRC law is higher than the net book value, the minimum price permitted by the PRC laws will prevail.

Under the Exclusive Purchase Option Agreement, Senlang BJ may purchase all or part of the equity held by SenlangBio's shareholders in SenlangBio and all or part of the assets owned by SenlangBio at any time to the extent permitted by PRC laws. The Exclusive Purchase Option Agreement, together with the Equity Pledge Agreement, Exclusive Technical Consultation and Service Agreement, and the Proxy Agreement, enable Senlang BJ to exercise effective control over SenlangBio. The Exclusive Purchase Option Agreement will become effective upon the affixation of signatures or corporate seals by the Senlang BJ, SenlangBio and SenlangBio's shareholders, and will remain in effect, unless terminated by Senlang BJ by giving a thirty (30) day advance written notice.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (continued)

Contracts that give the Company effective control of the VIE

Shareholder's Rights Proxy Agreement

Under the Shareholder's Rights Proxy Agreement, SenlangBio's shareholders authorize any entity or individual designated by Senlang BJ to act on their behalf as their exclusive agent to exercise all shareholder's rights under the PRC laws and the Articles of Association, including but not limited to: (a) to convene, attend and vote on all the matters during shareholders' meetings; (b) to transfer, pledge or dispose of, or create encumbrance on the equity; (c) to receive dividends; (d) to participate in judicial proceedings or execute legal documents in relation to shareholders' rights; (e) to appoint legal representatives, directors and officers of SenlangBio; and (f) to enter into contracts and exercise the Exclusive Purchase Option Agreement.

The Shareholder's Rights Proxy Agreement shall remain effective until the earlier of: (a) the date on which SenlangBio's shareholders are no longer the nominee or actual shareholders of Senlang BJ; (b) the date on which Senlang BJ requests the proxy to be terminated in writing; or (c) the date on which the assets and licenses of SenlangBio have been fully transferred to Senlang BJ.

Contracts that enable the Company to receive substantially all of the economic benefits from the VIE

Exclusive Technical Consultation and Service Agreement

Pursuant to the Exclusive Technical Consultation and Service Agreement between Senlang BJ and SenlangBio, Senlang BJ provides SenlangBio with technical consultation and services, including conducting market research, assisting with developing management and sales plans, implementing relevant technology application, and providing other consultation services for computer network, finance, business, legal affairs, operation, human resources, and other aspects of SenlangBio. Additionally, Senlang BJ agrees to grant SenlangBio its trademarks, software copyrights, management systems, management methods and other intellectual property in relation to its services on a chargeable and revocable basis, but such grant shall not result in the transfer of any intellectual property or create any restriction on Senlang BJ's full ownership.

For services rendered to SenlangBio under this agreement, Senlang BJ is entitled to collect a service fee calculated based on the complexity of services rendered, time required by Senlang BJ, and the exact contents and commercial value of services rendered. During the term of this agreement, Senlang BJ shall enjoy all the economic benefits derived from SenlangBio's operation, and in the event of serious difficulties in SenlangBio's operations, Senlang BJ may provide SenlangBio with financial support, and Senlang BJ has the right to request SenlangBio to cease operation. The Exclusive Technical Consultation and Service Agreement shall remain in effect for ten (10) years and shall be automatically renewed unless it is terminated earlier by Senlang BJ.

Based on the foregoing VIE Agreements, Senlang BJ has effective control of SenlangBio which enables Senlang BJ to receive all of the expected residual returns and absorb the expected losses of the VIE and its subsidiary. Management therefore concludes that the Company, through the above contractual arrangements, has the power to direct the activities that most significantly impact the VIE's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the VIE, and therefore the Company is the ultimate primary beneficiary of the VIE. Consequently, the Company consolidates the accounts of SenlangBio and its subsidiary for the periods presented herein, in accordance with Accounting Standards Codification ("ASC") 810-10, Consolidation.

The accompanying consolidated financial statements reflect the activities of Senlang and each of the following entities:

Name	Background	Ownership
Subsidiaries:		
Senlang HK	A Hong Kong company Incorporated on November 2, 2020	100% owned by Senlang
Senlang BJ	A PRC limited liability company and a wholly foreign owned enterprise Incorporated on November 20, 2020	100% owned by Senlang HK
VIE:		
SenlangBio	A PRC limited liability company Incorporated on January 29, 2016 Immunology and hematology testing service provider	VIE
VIE's subsidiary:		
SenlangBio Clinical Laboratory	A PRC limited liability company Incorporated on February 9, 2018 General laboratory testing service provider	100% owned by SenlangBio

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN AND LIQUIDITY

Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and with the rules and regulations of the U.S. Securities and Exchange Commission for financial information.

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries, VIE and subsidiary of VIE over which the Company exercises control and, when applicable, entity for which the Company has a controlling financial interest or is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Going Concern and Liquidity

The Company currently has limited operations. Currently, the Company's operations are focused on utilizing cell and gene engineering technologies to generate innovative and transformative cellular immunotherapies for solid and hematologic cancers. The Company provides general laboratory testing and immunology and hematology testing services for patients and other customers in China. These consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the accompanying consolidated financial statements, the Company hada working capital deficit and accumulated deficit of $1,891,229 and $8,380,014, respectively, at December 31, 2020, has incurred net loss of $2,442,363 and $2,978,904, respectively, for the years ended December 31, 2020 and 2019, and generated negative cash flow from operating activities of $1,121,944 and $2,192,353, respectively, for the year ended December 31, 2020 and 2019. The Company has a limited operating history and its continued growth is dependent upon the continuation of providing general laboratory testing and immunology and hematology testing services, and obtaining additional financing to fund future obligations and pay liabilities arising from normal business operations. In addition, the current cash balance cannot be projected to cover the operating expenses for the next twelve months from the release date of this report. These matters raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, implement its business plan, and generate significant revenues. There are no assurances that the Company will be successful in its efforts to generate significant revenues, maintain sufficient cash balance or report profitable operations or to continue as a going concern. The Company plans on raising capital through bank and other borrowings to implement its business plan. However, there is no assurance these plans will be realized and that any additional financings will be available to the Company on satisfactory terms and conditions, if any.

The occurrence of an uncontrollable event such as the COVID-19 pandemic could negatively impact the Company's operations even though the pandemic did not significantly impact the Company's operation in 2020. However, given the dynamic nature of these circumstances, the uncertainty around the potential resurgence of the COVID-19 cases in China, and the instability of local policies and restrictions, the COVID-19 impact over the Company's business in the year of 2021 cannot be reasonably estimated at this time. If COVID-19 cases resurged in the area the Company conducted its business and local government implemented new restrictions in the effort to contain the spread, it is expected the Company's business will be negatively impacted.

The accompanying consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from these estimates. Significant estimates during the years ended December 31, 2020 and 2019 include the useful lives of property and equipment, assumptions used in assessing impairment of long-term assets, and valuation of deferred tax assets and the associated valuation allowances.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments and Fair Value Measurements

The Company adopted the guidance of Accounting Standards Codification (“ASC”) 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities 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 are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying values of current assets and current liabilities in the Company’s consolidated balance sheets approximated their fair values as of December 31, 2020 and 2019 due to their short-term nature.

ASC 825-10 “Financial Instruments”, allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

Cash

Cash consists of cash on hand and cash in the bank. The Company maintains cash with financial institutions in the PRC.

Credit Risk and Uncertainties

The Company’s cash is maintained with state-owned banks within the PRC. Balances at state-owned banks within the PRC are covered by insurance up to RMB 500,000 (approximately $77,000) per bank. Any balance over RMB 500,000 per bank in PRC will not be covered. At December 31, 2020, cash balances held in the PRC are RMB 123,659 (approximately $19,000). The Company has not experienced any losses in such accounts and believes it is not exposed to any risks on its cash in bank accounts.

The Company’s operations are carried out in PRC. Accordingly, the Company’s business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC’s economy. The Company’s operations in PRC are subject to specific considerations and significant risks not typically associated with companies in North America. The Company’s results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. A portion of the Company’s sales are credit sales which is to the customer whose ability to pay is dependent upon the industry economics prevailing in Hebei province, China; however, concentrations of credit risk with respect to trade accounts receivable is limited due to short term payment terms. The Company also performs ongoing credit evaluations of its customers to help further reduce credit risk.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer’s payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection.

Management believes that the accounts receivable are fully collectable. Therefore, no allowance for doubtful accounts is deemed to be required on its accounts receivable at December 31, 2020 and 2019. The Company historically has not experienced significant uncollectible accounts receivable.

Inventory

Inventory consists of raw materials. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) methodA reserve is established when management determines that certain inventory may not be saleable. If inventory costs exceed expected net realizable value due to obsolescence or quantities in excess of expected demand, the Company will record reserves for the difference between the cost and the estimated net realizable value. The Company did not record any inventory reserve at December 31, 2020 and 2019.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets primarily consist of prepaid utilities and prepaid internet service fees, which are recognized as expenses over the related service periods. As of December 31, 2020 and 2019, prepaid expenses and other current assets amounted to $21,017 and $58,007, respectively.

Property and Equipment

Property and equipment are carried at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

	Useful Life	Estimated Residual Value Rate

Laboratory equipment	3 - 5 Years	5%
Office equipment and furniture	3 - 5 Years	5%
Vehicles	4 - 5 Years	5%
Leasehold improvements	Shorter of the remaining lease terms or estimated useful life	0%
Software	1 - 2 Years	0%

The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income or loss in the period of disposition. The Company examines impairment of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Impairment of Long-lived Assets

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. There were no triggering events requiring assessment of impairment as of December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, no impairment of long-lived assets was recognized.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants and Deferred Grant Income

Government grants related to purchased long-live assets, most of which are laboratory equipment for research and development, are recorded as deferred grant income initially and recognized as grant income on a systematic basis over the useful lives of the assets. Government grants that are to compensate incurred costs, expenses or losses are recognized in the current period. The Company applies the presentation method consistently to the similar government grants in the consolidated financial statements. Government grants that are related to operating activities are included in operating income (loss), otherwise, they are recorded in other income (expense).

Grants and subsidies received from Chinese government are recognized when the proceeds are received or collectible and related milestones have been reached and all contingencies have been resolved. For the years ended December 31, 2020 and 2019, grant income amounted to $929,505 and $612,769, respectively.

Deferred grant income represents grants collected but not earned as of each of the balance sheet date. This is primarily composed of receipts of the government subsidies for acquisition of lab equipment and reimbursement on office rent and research and development expense. Deferred grant income was recognized as grant income in accordance with aforementioned methodology. As of December 31, 2020 and 2019, deferred grant income amounted to $612,356 and $666,725, respectively.

Value Added Tax

The Company is subject to value added tax ("VAT") on revenues earned for services provided in the PRC. The amount of VAT liability is determined by applying the applicable tax rates to the invoiced amount of services provided (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Company reports revenue net of PRC's value added tax for all the periods presented in the consolidated statements of operations and comprehensive loss.

Accrued Liabilities and Other Payables

Accrued liabilities and other payables primarily consist of accrued and unpaid interest related to notes payable, taxes payable, and accrued liabilities for other miscellaneous items. As of December 31, 2020 and 2019, accrued liabilities and other payables amounted to $37,432 and $59,329, respectively.

Deferred Revenue

Payments received prior to services being performed are recorded as deferred revenue until such time as the services are performed. As of December 31, 2020 and 2019, deferred revenue amounted to $88,508 and $2,821, respectively.

Revenue Recognition

Effective January 1, 2018, the Company began recognizing revenue under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), using the modified retrospective transition method. The impact of adopting the new revenue standard was not material to the Company's consolidated financial statements and there was no adjustment to beginning accumulated deficit on January 1, 2018.   The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the company satisfies a performance obligation

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised goods or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" goods or service (or bundle of goods or services) if both of the following criteria are met:

- The customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer (i.e., the goods or service is capable of being distinct).
- The entity's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the goods or service is distinct within the context of the contract).

If a goods or service is not distinct, the goods or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

The Company's revenues are derived from providing general laboratory testing services and immunology and hematology testing services for patients and other customers. Revenues related to its service offerings are recognized at a point in time when service is rendered. Any payments received in advance of the performance of services are recorded as deferred revenue until such time as the services are performed. Except for deferred revenue, the Company did not have any other contract liability nor contract asset as of December 31, 2020 and 2019.

The Company does not offer promotional payments, customer coupons, rebates or other cash redemption offers to its customers.

The Company has concluded that its government grants are not within the scope of ASC Topic 606 as they do not meet the definition of a contract with a customer. The Company has concluded that the grants meet the definition of a contribution and are non-reciprocal transactions, and has also concluded that Subtopic 958-605, Not-for-Profit-Entities-Revenue Recognition does not apply, as it is a business entity and the grants are with governmental agencies.

In the absence of applicable guidance under US GAAP, effective January 1, 2018, the Company developed a policy for the recognition of grant revenue when the related costs are incurred or the related long-live assets are purchased, and the right to payment is realized.

The Company believes this policy is consistent with the overarching premise in ASC Topic 606, to ensure that revenue recognition reflects the transfer of promised goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services, even though there is no exchange as defined in ASC Topic 606.

The Company believes the recognition of revenue as costs are incurred or long-live assets are purchased, and amounts become realizable is analogous to the concept of transfer of control of a service over time under ASC Topic 606.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disaggregation of Revenues

In the following table, revenues are disaggregated by segment for the years ended December 31, 2020 and 2019:

Revenue Stream	2020	2019	Revenue Stream Detail
General laboratory testing	$ 649,932	$ 77,594	Providing general laboratory testing services, including genomics, proteomics, routine blood/urine testing, COVID-19 PCR/antibody testing etc., to patients and other customers.
Immunology and hematology testing	440,183	15,736	Providing immunology and hematology testing services, mainly related to cell therapy, including tumor biomarkers and immunophenotyping, to customers.
Total revenue	$ 1,090,115	$ 93,330	

Operating Lease

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). Lessees are required to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of lease payments. The asset is based on the liability, subject to certain adjustments, such as for initial direct costs. For income statement purposes, a dual model was retained, requiring leases to be classified as either operating or finance leases. Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard) while finance leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard). Lessor accounting is similar to the prior model but updated to align with certain changes to the lessee model (e.g., certain definitions, such as initial direct costs, have been updated) and the new revenue standard, ASU 2014-9.

The Company adopted this new accounting standard on January 1, 2018 on a modified retrospective basis and applied the new standard to leases through a cumulative-effect adjustment to beginning accumulated deficit. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company elected to adopt both the transition relief provided in ASU 2018-11 and the package of practical expedients which allowed it, among other things, to retain historical lease classifications and accounting for any leases that existed prior to adoption of the standard. Additionally, the Company elected the practical expedients allowing it not to separate lease and non-lease components and not record leases with an initial term of twelve months or less ("short-term leases") on the balance sheets across all existing asset classes. The new standard had a material impact on the consolidated balance sheets but did not materially impact the Company's consolidated operating results and had no impact on the Company's beginning accumulated deficit and cash flows. The following is a discussion of the Company's lease policy under the new lease accounting standard:

The Company determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of- use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Company's leases is not readily determinable, the Company utilizes its borrowing rates set by the Central Bank of the People's Republic of China, determined by class of underlying asset, to discount the lease payments.

The Company leases premises for offices under non-cancellable operating leases. Operating lease payments are expensed over the term of lease. The Company leases do not include options to extend nor any restrictions or covenants. The Company has historically been able to renew its office leases. Under the terms of the lease agreements, the Company has no legal or contractual asset retirement obligations at the end of the lease.

Impact of New Lease Standard on Balance Sheet Line Items

As a result of applying the new lease standard using a modified retrospective method, the Company recognized operating lease right-of-use assets of $799,983, current portion of operating lease liabilities of $150,985, and long-term operating lease liabilities of $648,998 as of January 1, 2018. There is no impact on equity as of January 1, 2018, the date of adoption. See Note 13.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Laboratory Testing Services Costs

Costs of general laboratory testing services include the cost of inventory, labor and related benefits, depreciation, and other overhead costs.

Immunology and Hematology Testing Services Costs

Costs of immunology and hematology testing services include the cost of inventory, labor and related benefits, depreciation, and other overhead costs.

Employee Benefits

The full-time employees of the Company are entitled to staff welfare benefits including medical care, housing fund, pension benefits, unemployment insurance and other welfare, which are government mandated defined contribution plans. The Company is required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. Total expenses for the plans were $135,231 and $221,232 for the years ended December 31, 2020 and 2019, respectively, which were charged to the same accounts as the related salary costs in the same period as the related salary costs incurred.

Research and Development

Expenditures for research and product development costs are expensed as incurred. The Company incurred research and development expense of $2,813,250 and $2,624,879 in the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Company accounts for income taxes using the asset/liability method prescribed by ASC 740, "Income Taxes." Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2020 and 2019, the Company had no significant uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax year that remains subject to examination is the years ended December 31, 2016 through December 31, 2020. The Company recognizes interest and penalties related to significant uncertain income tax positions in income tax expense. However, no such interest and penalties were recorded as of December 31, 2020 and 2019.

Loss per share

The Company computes loss per share in accordance with ASC 260, "Earnings per Share" ("ASC 260"). ASC 260 requires companies with complex capital structures to present basic and diluted earnings per share ("EPS"). Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS 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. As of December 31, 2020 and 2019, there were no dilutive shares.

Foreign Currency Translation

The reporting currency of the Company is U.S. Dollars. The functional currency of the parent company, Senlang, and Senlang HK, is the U.S. dollar and the functional currency of Senlang BJ, SenlangBio, and SenlangBio Clinical Laboratory is the Chinese Renminbi ("RMB").

Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange prevailing at the balance sheet date. Revenue and expenses are translated using average rates during each reporting period, and shareholders' equity is translated at historical exchange rates. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheet. Translation adjustments resulting from the process of translating the local currency financial statements into U.S.

dollars are included in determining comprehensive income/loss. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation (continued)

All of the Company's revenue transactions are transacted in the functional currency of the Company. The Company does not enter into any material transaction in foreign currencies. Transaction gains or losses have not had, and are not expected to have, a material effect on the results of operations of the Company.

Asset and liability accounts at December 31, 2020 and 2019 were translated at 6.5306 RMB and 6.9632 RMB to $1.00, respectively, which were the exchange rates on the balance sheet dates. Equity accounts were stated at their historical rates. The average translation rates applied to the statements of operations for the years ended December 31, 2020 and 2019 were 6.8999 RMB and 6.9099 RMB to $1.00, respectively. Cash flows from the Company's operations are calculated based upon the local currencies using the average translation rate.

Comprehensive Loss

Comprehensive loss is comprised of net loss and all changes to the statements of equity, except those due to investments by shareholders, changes in paid-in capital and distributions to shareholders. For the Company, comprehensive loss for the years ended December 31, 2020 and 2019 consisted of net loss and unrealized gain/loss from foreign currency translation adjustment.

Commitment 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, that cover a wide range of matters. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Segment Reporting

The Company uses "the management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. The Company's chief operating decision maker is its Chief Executive Officer ("CEO"), who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. The Company has determined that it has two reportable business segments: general laboratory testing segment, and immunology and hematology testing segment. These reportable segments offer different types of services and products, have different types of revenue, and are managed separately as each requires different operating strategies and management expertise.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all significant related party transactions.

Recent Accounting Standards

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The objective of ASU 2018-13 is to improve the effectiveness of disclosures in the notes to the financial statements by removing, modifying, and adding certain fair value disclosure requirements to facilitate clear communication of the information required by generally accepted accounting principles. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 with early adoption permitted upon issuance of this ASU. The adoption of ASU 2018 – 13 did not have a material impact on the Company's consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Standards (continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses ("Topic 326")*. The ASU introduces a new accounting model, the Current Expected Credit Losses model ("CECL"), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. ASU 2016-13 is effective for annual period beginning after December 15, 2022, including interim reporting periods within those annual reporting periods. The Company expects that the adoption will not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12,*Simplifying the Accounting for Income Taxes, as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes.* This standard removes certain exceptions related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. The guidance is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the effects that the adoption of this guidance will have its consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its consolidated financial condition, results of operations, cash flows or disclosures.

NOTE 4 – VARIABLE INTEREST ENTITY AND OTHER CONSOLIDATION MATTERS

On April 26, 2021, Senlang BJ entered into VIE Agreements with SenlangBio and 13 shareholders of SenlangBio. The key terms of these VIE Agreements are summarized in “NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS” above. As a result of the VIE Agreements, the Company classifies SenlangBio as a VIE.

A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest, such as through voting rights, right to receive the expected residual returns of the entity or obligation to absorb the expected losses of the entity. The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. Senlang BJ is deemed to have a controlling financial interest and be the primary beneficiary of SenlangBio, because it has both of the following characteristics:

1. Power to direct activities of a VIE that most significantly impact the entity’s economic performance, and
2. Obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

Pursuant to the VIE Agreements, SenlangBio pays service fees equal to all of its net income to Senlang BJ. At the same time, Senlang BJ is entitled to receive all of SenlangBio’s expected residual returns. The VIE Agreements are designed so that SenlangBio operates for the benefit of the Company. Accordingly, the accounts of SenlangBio are consolidated in the accompanying financial statements pursuant to ASC 810-10, Consolidation. In addition, its financial positions and results of operations are included in the Company’s consolidated financial statements.

In addition, as all of these VIE agreements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC, they would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could further limit the Company’s ability to enforce these VIE agreements. Furthermore, these contracts may not be enforceable in China if PRC government authorities or courts take a view that such contracts contravene PRC laws and regulations or are otherwise not enforceable for public policy reasons. In the event the Company is unable to enforce these VIE agreements, it may not be able to exert effective control over SenlangBio and its ability to conduct its business may be materially and adversely affected.

NOTE 4 – VARIABLE INTEREST ENTITY AND OTHER CONSOLIDATION MATTERS (continued)

All of the Company’s main current operations are conducted through SenlangBio and subsidiary of SenlangBio. Current regulations in China permit SenlangBio to pay dividends to the Company only out of its accumulated distributable profits, if any, determined in accordance with its article of association and PRC accounting standards and regulations. The ability of SenlangBio to make dividends and other payments to the Company may be restricted by factors including changes in applicable foreign exchange and other laws and regulations.

The following consolidated financial information of the VIE and VIE’s subsidiary as a whole as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 was included in the accompanying consolidated financial statements of the Company. Transactions between the VIE and VIE’s subsidiary are eliminated in the financial information presented below:

	December 31, 2020	December 31, 2019
Cash	$ 18,935	$ 164,994
Accounts receivable	45,271	1,528
Recoverable VAT	335,150	320,247
Inventory	125,962	104,355
Prepaid expenses and other current assets	21,017	58,007
Security deposit and other long-term assets	50,012	75,843
Operating lease right-of-use assets, net	320,123	487,797
Property and equipment, net	2,567,522	3,110,094
Total Assets	3,483,992	4,322,865
Notes payable	918,752	-
Notes payable - related party	245,000	-
Accounts payable	310,330	79,439
Salary payable	105,810	107,014
Accrued leasehold improvements liabilities	315,583	1,428
Accrued liabilities and other payables	37,432	59,329
Deferred revenue	88,508	2,821
Deferred grant income	260,679	171,074
Operating lease obligation	155,470	133,133
Deferred grant income - noncurrent portion	351,677	495,651
Operating lease obligation - noncurrent portion	105,566	300,235
Total Liabilities	2,894,807	1,350,124
Net Assets	$ 589,185	$ 2,972,741

	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019

Revenues	$ 1,090,115	$ 93,330
Loss from operations	(2,423,451)	(2,985,846)
Net loss	$ (2,442,363)	$ (2,978,904)

NOTE 5 – SECURITY DEPOSIT AND OTHER LONG-TERM ASSETS

At December 31, 2020 and 2019, security deposit and other long-term assets consisted of the following:

	December 31, 2020	December 31, 2019
Security deposit	$ 50,012	$ 49,993
Prepayment for leasehold improvements	-	25,850
Total	$ 50,012	$ 75,843

NOTE 6 – PROPERTY AND EQUIPMENT, NET

At December 31, 2020 and 2019, property and equipment consisted of the following:

	December 31, 2020	December 31, 2019
Laboratory equipment	$ 2,268,929	$ 2,092,112
Electronic equipment	234,212	216,132
Tools and furniture	198,361	131,475
Vehicles	63,317	59,384
Leasehold improvements	2,252,449	1,784,437
Software	26,858	25,162
Total	5,044,126	4,308,702
Less: accumulated depreciation	(2,476,604)	(1,198,608)
Property and equipment, net	$ 2,567,522	$ 3,110,094

For the years ended December 31, 2020 and 2019, depreciation expense of property and equipment amounted to $1,147,115 and $889,410, respectively, of which, $28,787 and $0 was included in cost of revenue, $411,986 and $391,602 was included in research and development expenses, and $706,342 and $497,808 was included in general and administrative expense, respectively.

NOTE 7 – NOTES PAYABLE

During 2020, from time to time, the Company acquires loans from various entities to fund its operations. These loans are due within one year and are unsecured and uncollateralized. The Company did not incur any borrowing activity in 2019.

At December 31, 2020, short-term borrowings consisted of the following

	December 31, 2020
Loan from China Construction Bank, due on February 17, 2021 with annual interest rate of 4.1025%, extended through May 2021 (See Note 15)	$ 459,376
Loan from a third-party company, due on February 8, 2021 with annual interest rate of 4.35%, extended through October 2021 (See Note 15)	459,376
Total	$ 918,752

For the year ended December 31, 2020, interest expense related to these borrowings amounted to $12,397 and has been included in interest expense on the accompanying consolidated statements of operations and comprehensive loss.

As of December 31, 2020, the related accrued and unpaid interest for these borrowings was $2,942 and has been included in accrued liabilities and other payables on the accompanying consolidated balance sheets.

NOTE 8 – RELATED PARTY TRANSACTIONS

Notes Payable - Related Party

During 2020, from time to time, the Company acquired loans from Hebei Senlang Taihe Biological Technology Co. Ltd. (“Taihe”) to fund its operations. These loans are due within one year and are unsecured and uncollateralized. The annual interest rate for these loans is 4.35%. SenlangBio’s largest shareholder is the former executive director of Taihe. The Company did not incur any related party borrowing activity in 2019.

As of December 31, 2020, the outstanding principal amounted to $245,000 and was recorded as “Notes payable – related party” on the accompanying consolidated balance sheets.

For the year ended December 31, 2020, interest expense related to related party borrowings amounted to $11,169 and has been included in interest expense – related party on the accompanying consolidated statements of operations and comprehensive loss. As of December 31, 2020, the related interest for related party borrowings was paid in full.

NOTE 9 – INCOME TAXES

British Virgin Islands

Under the current laws of BVI, Senlang is not subject to tax on income or capital gain. In addition, payments of dividends by the Company to its shareholders are not subject to withholding tax in the BVI.

Hong Kong

Senlang 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 is 16.5% on its taxable income generated from operations in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Additionally, payments of dividends by the subsidiary incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

United States

The Company and its subsidiaries have no presence in the United States and does not conduct business in the United States, therefore no United States income tax should be imposed upon the Company and its subsidiaries.

PRC

Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory are subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws. The EIT rate for companies operating in the PRC is 25%. In the years ended December 2020 and 2019, Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory were each recognized as small low-profit enterprise and received a preferential income tax rate of 10%. The Company did not have any income taxes expense for the years ended December 31, 2020 and 2019 since it incurred losses in the periods. As of December 31, 2020, income tax returns for the tax years ended December 31, 2016 through December 31, 2020 remain open for statutory examination by PRC tax authorities.

Below is a reconciliation of the statutory tax rate to the effective tax rate for the years ended December 31, 2020 and 2019:

	Years Ended December 31,	
	2020	2019
PRC statutory income tax rate	25.0%	25.0%
Effect of income tax exemptions and reliefs	(15.0)%	(15.0)%
Effect of non-deductible expense	0.1%	0.6%
Valuation allowance	(10.1)%	(10.6)%
Effective tax rate	0.0%	0.0%

NOTE 9 – INCOME TAXES (continued)

PRC (continued)

The Company's approximate net deferred tax assets as of December 31, 2020 and 2019 were as follows:

Deferred tax assets:	December 31, 2020	December 31, 2019
Net operating loss carryforward	$ 1,340,709	$ 806,933
Valuation allowance	(1,340,709)	(806,933)
Net deferred tax assets	$ -	$ -

The Company provided a valuation allowance equal to the deferred income tax assets for the years ended December 31, 2020 and 2019 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The potential tax benefit arising from the loss carryforward will begin to expire in 2023.

As of December 31, 2020 and 2019, the Company had no significant uncertain tax positions that qualify for either recognition or disclosure in the financial statements. As of December 31, 2020, income tax returns for the tax years ended December 31, 2016 through December 31, 2020 remain open for statutory examination by PRC tax authorities.

The uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. Based on the outcome of any future examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits for tax positions taken regarding previously filed tax returns, might materially change from those recorded as liabilities for uncertain tax positions in the Company's consolidated financial statements as of December 31, 2020 and 2019. In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits, if any, as a component of income tax expense. The Company does not anticipate any significant increases or decreases to its liability for unrecognized tax benefit within the next twelve months.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB100,000 (approximately $15,000) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

Accounting for Uncertainty in Income Taxes

The tax authority of the PRC government conducts periodic and ad hoc tax filing reviews on business enterprises operating in the PRC after those enterprises complete their relevant tax filings. Therefore, the Company's tax filings results are subject to change. It is therefore uncertain as to whether the PRC tax authority may take different views about the Company's tax filings, which may lead to additional tax liabilities.

ASC 740 requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The management evaluated the Company's tax positions and concluded that no provision for uncertainty in income taxes was necessary as of December 31, 2020 and 2019.

NOTE 10 – EQUITY

The equity structures as of December 31, 2020 was presented after giving retroactive effect to the reorganization of the Company that was completed in April 2021. Immediately before and after the reorganization, the shareholders of SenlangBio controlled Senlang. Therefore, the reorganization is accounted for as a transaction of entities under common control at carrying value and for accounting purpose, the reorganization was accounted for as a recapitalization. The consolidated financial statements are prepared on the basis as if the Reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements of the Company.

Ordinary Shares

On October 15, 2020, Senlang was incorporated in the British Virgin Islands. As of the date of this report, its authorized share capital consists of 50,000 ordinary shares with a par value of $1.00 per share. As of the date of this report, 10,001 ordinary shares were issued and outstanding.

Statutory Reserve

Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory operate in the PRC and are required to reserve 10% of their net profit after income tax, as determined in accordance with the PRC accounting rules and regulations. Appropriation to the statutory reserve by the Company is based on profit arrived at under PRC accounting standards for business enterprises for each year.

The profit arrived at must be set off against any accumulated losses sustained by the Company in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory did not make any appropriation to statutory reserve during the years ended December 31, 2020 and 2019 as they incurred net losses in the periods. As of December 31, 2020 and 2019, the Company did not have any statutory reserve.

NOTE 11 - CONCENTRATIONS

Customers

The following table sets forth information as to each customer that accounted for 10% or more of the Company's revenues for the years ended December 31, 2020 and 2019.

	Years Ended December 31,	
Customer	2020	2019
A	*	15%

* Less than 10%

One customer, whose outstanding receivable accounted for 10% or more of the Company's total outstanding accounts receivable at December 31, 2020, accounted for 98.1% of the Company's total outstanding accounts receivable at December 31, 2020.

One customer, whose outstanding receivable accounted for 10% or more of the Company's total outstanding accounts receivable at December 31, 2019, accounted for 100.0% of the Company's total outstanding accounts receivable at December 31, 2019.

Suppliers

The following table sets forth information as to each supplier that accounted for 10% or more of the Company's purchase for the years ended December 31, 2020 and 2019.

	Years Ended December 31,	
Supplier	2020	2019
A	21%	*
B	16%	11%

* Less than 10%

Three suppliers, whose outstanding payable accounted for 10% or more of the Company's total outstanding accounts payable at December 31, 2020, accounted for 77.8% of the Company's total outstanding accounts payable at December 31, 2020.

Two suppliers, whose outstanding payable accounted for 10% or more of the Company's total outstanding accounts payable at December 31, 2019, accounted for 61.1% of the Company's total outstanding accounts payable at December 31, 2019.

NOTE 12 – SEGMENT INFORMATION

For the years ended December 31, 2020 and 2019, the Company operated in two reportable business segments - (1) general laboratory testing segment, and (2) immunology and hematology testing segment. The Company's reportable segments are strategic business units that offer different services and products. They are managed separately based on the fundamental differences in their operations. Information with respect to these reportable business segments for the years ended December 31, 2020 and 2019 was as follows:

	Years Ended December 31, 2020	Years Ended December 31, 2019
Revenues		
General laboratory testing	$ 649,932	$ 77,594
Immunology and hematology testing	440,183	15,736
Total	1,090,115	93,330
Cost of revenues		
General laboratory testing	343,794	35,972
Immunology and hematology testing	197,444	10,269
Total	541,238	46,241
Gross profit		
General laboratory testing	306,138	41,622
Immunology and hematology testing	242,739	5,467
Total	548,877	47,089
Operating expenses		
General laboratory testing	331,209	168,380
Immunology and hematology testing	2,641,119	2,864,555
Total	2,972,328	3,032,935
Other (expense) income		
Interest expense		
Immunology and hematology testing	(23,566)	-
Total	(23,566)	-
Other income		
General laboratory testing	1,213	2,544
Immunology and hematology testing	3,441	4,398
Total	4,654	6,942
Total other (expense) income, net	(18,912)	6,942
Net loss		
General laboratory testing	23,858	124,214
Immunology and hematology testing	2,418,505	2,854,690
Total	2,442,363	2,978,904
Depreciation		
General laboratory testing	7,193	907
Immunology and hematology testing	1,139,922	888,503
Total	1,147,115	889,410
Capital expenditure		
General laboratory testing	60,688	5,091
Immunology and hematology testing	67,421	876,597
Total	$ 128,109	$ 881,688

NOTE 12 – SEGMENT INFORMATION (continued)

Identifiable long-lived tangible assets at December 31, 2020 and 2019	December 31, 2020	December 31, 2019
General laboratory testing	$ 62,447	$ 14,056
Immunology and hematology testing	2,505,075	3,096,038
Total	2,567,522	3,110,094
Total assets at December 31, 2020 and 2019		
General laboratory testing	163,560	71,234
Immunology and hematology testing	3,320,432	4,251,631
Total	$ 3,483,992	$ 4,322,865

The Company does not have long-lived assets located outside the PRC.

NOTE 13 – COMMITMENTS AND CONTINCENGIES

Contingencies

From time to time, the Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

Operating Leases Commitment

The Company is a party to leases for office space. Rent expense under all operating leases amounted to approximately $208,000 and $213,000 for the years ended December 31, 2020 and 2019, respectively.

Supplemental cash flow information related to leases for the years ended December 31, 2020 and 2019 is as follows:

	Years Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating lease	$ 209,413	$ 217,484
Right-of-use assets obtained in exchange for lease obligation:		
Operating lease	$ -	$ -

The following table summarizes the lease term and discount rate for the Company's operating lease as of December 31, 2020:

	Operating Lease
Weighted average remaining lease term (in years)	1.27
Weighted average discount rate	4.75%

NOTE 13 – COMMITMENTS AND CONTINCENGIES (continued)

Operating Leases Commitment (continued)

The following table summarizes the maturity of lease liabilities under operating lease as of December 31, 2020:

For the Year Ending December 31:	Operating Lease
2021	$ 169,963
2022	106,357
2023 and thereafter	-
Total lease payments	276,320
Amount of lease payments representing interest	(15,284)
Total present value of operating lease liabilities	$ 261,036
Current portion	$ 155,470
Long-term portion	105,566
Total	$ 261,036

Variable Interest Entity Structure

In the opinion of management, (i) the corporate structure of the Company is in compliance with existing PRC laws and regulations; (ii) the Contractual Arrangements are valid and binding, and do not result in any violation of PRC laws or regulations currently in effect; and (iii) the business operations of WFOE, VIE and VIE's subsidiary are in compliance with existing PRC laws and regulations in all material respects.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the Company cannot be assured that PRC regulatory authorities will not ultimately take a contrary view to the foregoing opinion of its management. If the current corporate structure of the Company or the Contractual Arrangements is found to be in violation of any existing or future PRC laws and regulations, the Company may be required to restructure its corporate structure and operations in the PRC to comply with changing and new PRC laws and regulations. In the opinion of management, the likelihood of loss in respect of the Company's current corporate structure or the VIE Agreements is remote based on current facts and circumstances.

NOTE 14 – RESTRICTED NET ASSETS

As of December 31, 2020, the Company's operations are conducted through its PRC subsidiary, VIE and VIE's subsidiary, which can only pay dividends out of their retained earnings determined in accordance with the accounting standards and regulations in the PRC and after they have met the PRC requirements for appropriation to statutory reserve. In addition, most of the Company's businesses and assets are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. These currency exchange control procedures imposed by the PRC government authorities may restrict the ability of the Company's PRC subsidiary to transfer their net assets to the Lonlon Biotech Ltd. (the "Parent Company") through loans, advances or cash dividends.

Schedule I of Article 5-04 of Regulation S-X requires the condensed financial information of the parent company to be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of this test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of its consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company in the form of loans, advances or cash dividends without the consent of a third party. The restricted net assets of the Company's PRC subsidiary amounted to approximately $589,000 and $2,973,000 as of December 31, 2020 and 2019, respectively.

The Company's PRC subsidiary' net assets as of December 31, 2020 and 2019 exceeded 25% of the Company's consolidated net assets. Accordingly, Parent Company's condensed financial statements have been prepared in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X, and are as follows.

NOTE 14 – RESTRICTED NET ASSETS (continued)

Condensed Financial Information of the Parent Company

The Parent Company's condensed financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements, with the only exception being that the Parent Company accounts for its subsidiaries using the equity method. Refer to the consolidated financial statements and notes presented above for additional information and disclosures with respect to these financial statements.

Parent Company's Condensed Balance Sheets

	December 31, 2020	December 31, 2019
ASSETS		
NON-CURRENT ASSETS:		
Investment in subsidiaries	$ 589,185	$ 2,972,741
Total Non-current Assets	589,185	2,972,741
Total Assets	$ 589,185	$ 2,972,741
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total Liabilities	$ -	$ -
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Ordinary shares, $1.00 par value; 50,000 shares authorized; 10,001 shares issued and outstanding at December 31, 2020 and 2019 *	10,001	10,001
Additional paid-in capital	8,946,197	8,946,197
Accumulative deficit	(8,380,014)	(5,937,651)
Accumulated other comprehensive income (loss)	13,001	(45,806)
Total Shareholders' Equity	589,185	2,972,741
Total Liabilities and Shareholders' Equity	$ 589,185	$ 2,972,741

* The shares amounts are presented on a retroactive basis.

Parent Company's Condensed Statements of Operations and Comprehensive Loss

	For the Years Ended December 31, 2020	2019
Revenue	$ -	$ -
Operating expense	-	-
Income attributable to Parent Company only	-	-
Share of loss from investment in subsidiaries	(2,442,363)	(2,978,904)
Net loss	(2,442,363)	(2,978,904)
Other comprehensive income (loss)		
Unrealized foreign currency translation gain (loss)	58,807	(50,204)
Comprehensive loss	$ (2,383,556)	$ (3,029,108)

NOTE 14 – RESTRICTED NET ASSETS (continued)

Condensed Financial Information of the Parent Company (continued)

Parent Company's Condensed Statements of Cash Flows

	For the Years Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,442,363)	$ (2,978,904)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share of loss from investment in subsidiaries	2,442,363	2,978,904
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	-
NET INCREASE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	$ -	$ -

Basis of Preparation

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the consolidated financial statements except that the Company used the equity method to account for investment in its subsidiaries.

Certain information and footnote disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted. The Parent Company only financial information has been derived from the Company's consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements.

Investment in Subsidiaries

The Company and its subsidiaries were included in the consolidated financial statements where the inter-company balances and transactions were eliminated upon consolidation. For purpose of the Parent Company's stand-alone financial statements, its investments in subsidiaries were reported using the equity method of accounting. Such investment is presented as "Investment in subsidiaries" on the condensed balance sheets and the subsidiaries' loss is presented as "Share of loss from investment in subsidiaries" in the condensed statements of operations.

NOTE 15 – SUBSEQUENT EVENTS

In January 2021, the Company renewed its lease agreement to rent office space in Hebei province, China, with a third party (the "Office Lease"). Pursuant to the renewed Office Lease, the daily rent is RMB 382.9 (approximately $59) with a required security deposit of RMB 9,936 (approximately $1,500). The term of the Office Lease is 12 months commencing on January 1, 2021 and expires on December 31, 2021.

In January 2021, the Company borrowed a short-term loan from a third-party company in the principal amount of $459,376. The new loan bears interest rate at 4.35% per annum and is due on October 31, 2021.

In February 2021, the Company signed an extension with China Construction Bank and the borrowing with principal amount of $459,376 was extended through May 17 ,2021. The principal amount was fully repaid on the due date.

In February 2021, the Company signed an extension with a third-party lender and the borrowing with principal amount of $459,376 was extended through October 31, 2021.

In May 2021, the Company borrowed a short-term loan from a related party company in the principal amount of $763,044. The new loan bears interest rate at 4.35% per annum and is due on October 31, 2021.

NOTE 15 – SUBSEQUENT EVENTS (continued)

On April 26, 2021, Senlang BJ entered into a series of contractual arrangements, or VIE agreements with SenlangBio and 13 equity holders of SenlangBio, through which the Company obtained control and became the primary beneficiary of SenlangBio. As a result, SenlangBio became the Company's VIE.

On June 13, 2021, the Company entered into a Share Purchase Agreement (the "Purchase Agreement"), by and among the Company, Avalon GloboCare Corp., a Delaware corporation ("Avalon"), the holders of the share capital of Senlang (the "Senlang Shareholders"), the ultimate beneficial owners of the Senlang Shareholders (the "Senlang Beneficial Shareholders" and, together with the Senlang Shareholders, the "Senlang Owners") and a representative of the Senlang Owners (the "Senlang Representative"). Pursuant to the Purchase Agreement, Avalon will acquire all of the issued and outstanding share capital of the Company in consideration of 81 million shares of the common stock, par value $0.0001 per share, of Avalon (the "Acquisition").

In connection with the Acquisition, on June 13, 2021, an institutional investor (the "Investor") entered into an agreement with the related to the purchase of registered capital of the SenlangBio (the "SenlangBio Capital Increase Agreement") pursuant to which the Investor will acquire an aggregate of up to 13.5% of the equity ownership of the SenlangBio for an aggregate purchase price of RMB 200,000,000 (approximately $30 million) (the "Equity Financing"), which funds will be invested in the SenlangBio in three installments of RMB 67,000,000 (approximately $10 million), RMB 67,000,000 (approximately $10 million) and RMB 66,000,000 (approximately $10 million), the first to be upon the closing of the Acquisition, the second to be within three months after the closing and the third to be within six months after the closing. In addition, pursuant to a Securities Exchange Agreement (the "Exchange Agreement"), by and among the Company, SenlangBio, Avalon and the Investor, dated June 13, 2021, the Investor has the right, exercisable between the six-month and five year-anniversaries of the respective initial closing and installment closings, to elect to exchange, from time to time, all or part of its then-owned equity ownership of SenlangBio for shares (the "Exchange Shares") of Avalon Common Stock at a fixed exchange price of US$1.21 per share of Avalon Common Stock, which was the market price of the Avalon Common Stock as of the date of the Exchange Agreement under Nasdaq rules. In addition, the Exchange Agreement provides that the Investor may only exchange up to 10% of its total investment amount in any 30-day period.

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

March 31, 2021 and 2020

LONLON BIOTECH LTD. AND SUBSIDIARIES
INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021 and 2020

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Consolidated Financial Statements (Unaudited):

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash	$ 188,887	$ 18,935
Accounts receivable	636,746	45,271
Recoverable VAT	343,755	335,150
Inventory	105,743	125,962
Prepaid expenses and other current assets	60,949	21,017
Total Current Assets	1,336,080	546,335
NON-CURRENT ASSETS:		
Security deposit	49,843	50,012
Operating lease right-of-use assets, net	266,406	320,123
Property and equipment, net	2,268,076	2,567,522

Total Non-current Assets	2,584,325	2,937,657
Total Assets	$ 3,920,405	$ 3,483,992
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 1,373,480	$ 918,752
Notes payable - related party	244,174	245,000
Accounts payable	564,192	310,330
Salary payable	102,329	105,810
Accrued leasehold improvements liabilities	261,106	315,583
Accrued liabilities and other payables	62,938	37,432
Deferred revenue	167,201	88,508
Deferred grant income	183,496	260,679
Operating lease obligation	151,167	155,470
Total Current Liabilities	3,110,083	2,437,564
NON-CURRENT LIABILITIES:		
Deferred grant income - noncurrent portion	304,617	351,677
Operating lease obligation - noncurrent portion	52,377	105,566
Total Non-current Liabilities	356,994	457,243
Total Liabilities	3,467,077	2,894,807
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Ordinary shares, $1.00 par value; 50,000 shares authorized; 10,001 shares issued and outstanding at March 31, 2021 and December 31, 2020 *	10,001	10,001
Additional paid-in capital	8,946,197	8,946,197
Accumulated deficit	(8,515,294)	(8,380,014)
Accumulated other comprehensive income	12,424	13,001
Total shareholders' equity	453,328	589,185
Total Liabilities and Shareholders' Equity	$ 3,920,405	$ 3,483,992

* The shares amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended March 31,	
	2021	2020
REVENUES		
General laboratory testing	$ 945,648	$ 42,887
Immunology and hematology testing	301,857	-
Total Revenues	1,247,505	42,887
COST OF REVENUES		
General laboratory testing	347,911	14,117
Immunology and hematology testing	89,498	-
Total Cost of Revenues	437,409	14,117
GROSS PROFIT		
General laboratory testing	597,737	28,770
Immunology and hematology testing	212,359	-
Total Gross Profit	810,096	28,770
OPERATING EXPENSES:		
Research and development expenses	565,331	410,893
General and administrative expenses	406,188	344,252
Selling and marketing expenses	52,707	8,584
Grant income	(123,467)	(526,703)
Total Operating Expenses	900,759	237,026

LOSS FROM OPERATIONS	(90,663)	(208,256)
OTHER (EXPENSE) INCOME		
Interest expense	(13,647)	-
Interest expense - related party	(2,683)	(1,860)
Other income	226	1,444
Total Other Expense, net	(16,104)	(416)
LOSS BEFORE INCOME TAXES	(106,767)	(208,672)
INCOME TAXES	28,513	-
NET LOSS	$ (135,280)	$ (208,672)
COMPREHENSIVE LOSS:		
NET LOSS	$ (135,280)	$ (208,672)
OTHER COMPREHENSIVE LOSS		
Unrealized foreign currency translation loss	(577)	(47,085)
COMPREHENSIVE LOSS	$ (135,857)	$ (255,757)
NTE LOSS PER ORDINARY SHARE:		
Basis and diluted *	$ (13.53)	$ (20.87)
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING:		
Basis and diluted *	10,001	10,001

* The shares and per share amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAEHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(Unaudited)

	Ordinary Shares *					
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance as of December 31, 2020	10,001	$ 10,001	$ 8,946,197	$ (8,380,014)	$ 13,001	$ 589,185
Foreign currency translation adjustment	-	-	-	-	(577)	(577)
Net loss for the three months ended March 31, 2021	-	-	-	(135,280)	-	(135,280)
Balance as of March 31, 2021 (unaudited)	10,001	$ 10,001	$ 8,946,197	$ (8,515,294)	$ 12,424	$ 453,328

* The shares amounts are presented on a retroactive basis.

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAEHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Unaudited)

	Ordinary Shares*					
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance as of December 31, 2019	10,001	$ 10,001	$ 8,946,197	$ (5,937,651)	$ (45,806)	$ 2,972,741
Foreign currency translation adjustment	-	-	-	-	(47,085)	(47,085)
Net loss for the three months ended March 31, 2020	-	-	-	(208,672)	-	(208,672)
Balance as of March 31, 2020 (unaudited)	10,001	$ 10,001	$ 8,946,197	$ (6,146,323)	$ (92,891)	$ 2,716,984

* The shares amounts are presented on a retroactive basis.

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TRHEE MONTHS ENDED MARCH 31, 2021 AND 2020
(Unaudited)

	For the Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (135,280)	$ (208,672)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	297,458	252,099
Amortization of right-of-use assets	53,193	44,912
Changes in operating assets and liabilities:		
Accounts receivable	(597,869)	(1,232)
Recoverable VAT	(9,838)	(14,661)
Inventory	20,002	(9,015)
Prepaid expenses and other current assets	(40,425)	32,917
Security deposit	-	1,432
Accounts payable	257,598	35,052
Salary payable	(3,157)	(10,788)
Accrued liabilities and other payables	25,902	(22,052)
Interest payable - related party	-	1,860
Deferred revenue	79,824	135
Deferred grant income	(123,467)	(42,622)
Operating lease obligation	(57,208)	(45,556)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(233,267)	13,809
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(57,581)	(18,665)
NET CASH USED IN INVESTING ACTIVITIES	(57,581)	(18,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	462,656	-
Proceeds from related party's borrowings	-	214,829
NET CASH PROVIDED BY FINANCING ACTIVITIES	462,656	214,829
EFFECT OF EXCHANGE RATE ON CASH	(1,856)	(5,744)
NET INCREASE IN CASH	169,952	204,229
CASH - beginning of period	18,935	164,994
CASH - end of period	$ 188,887	$ 369,223
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 10,292	$ -

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

LONLON BIOTECH LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

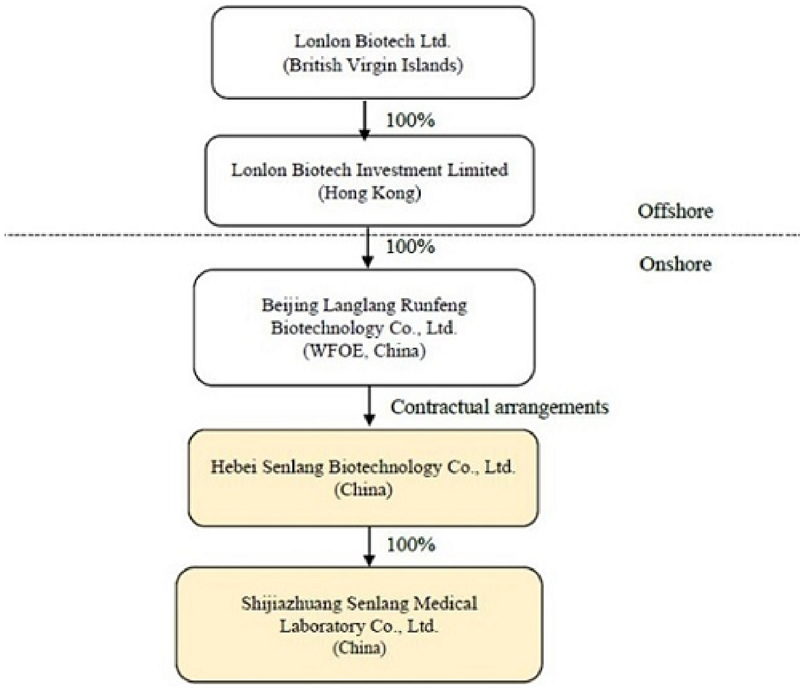
Lonlon Biotech Ltd. ("Senlang" or the "Company") is a holding company incorporated in the British Virgin Islands ("BVI") on October 15, 2020. The Company is mainly engaged in the business of research and development in relation to CAR-T cell therapy, immune cell therapy and related drug development in the People's Republic of China ("PRC" or "China"), through a variable interest entity ("VIE" as defined in Note 4), Hebei Senlang Biotechnology Co., Ltd. ("SenlangBio"), which was established on January 29, 2016, and subsidiary of the VIE. SenlangBio also provides immunology and hematology testing services, mainly related to cell therapy, including tumor biomarkers and immunophenotyping. On February 9, 2018, SenlangBio formed a wholly owned subsidiary, Shijiazhuang Senlang Medical Laboratory Co., Ltd. ("SenlangBio Clinical Laboratory"), in China, which focuses on general laboratory testing for patients and other customers, including genomics, proteomics, routine blood/urine testing, COVID-19 PCR/antibody testing etc.

On November 2, 2020, Senlang established a wholly owned subsidiary in Hong Kong, Lonlon Biotech Investment Limited ("Senlang HK"), which is a holding company. On November 20, 2020, Senlang HK established a Wholly Foreign-Owned Enterprise in China, Beijing Langlang Runfeng Biotechnology Co., Ltd. ("Senlang BJ" or "WFOE").

On April 26, 2021, Senlang BJ entered into a series of contractual arrangements, or VIE agreements with SenlangBio and 13 equity holders of SenlangBio, through which the Company obtained control and became the primary beneficiary of SenlangBio, hereinafter referred to as the Reorganization. As a result, SenlangBio became the Company's VIE.

On April 26, 2021, the Company completed its reorganization of the entities under the common control of 13 majority shareholders through their 100% controlled entities incorporated in the British Virgin Islands, and indirectly owned a majority of the equity interests of the Company, its subsidiaries, its VIE and the VIE's subsidiary prior to and after the Reorganization. The Company was established as a holding company of Senlang BJ. Senlang BJ is the primary beneficiary of SenlangBio, and all of these entities are under common control of the Company's ultimate controlling shareholders before and after the Reorganization, which results in the consolidation of the Company and has been accounted for as a reorganization of entities under common control at carrying value and for accounting purpose, the reorganization was accounted for as a recapitalization. The consolidated financial statements are prepared on the basis as if the Reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements of the Company.

The following chart illustrates the Company's corporate structure, including its subsidiaries, consolidated variable interest entity and VIE's subsidiary as of the issuance date of this report:



NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (continued)

VIE Agreements with SenlangBio

Upon the completion of the reorganization, the Company, through the WFOE, entered into the following contractual arrangements with the VIE and the VIE's 13 shareholders that enabled the Company to (1) have power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receive the economic benefits of the VIE that could be significant to the VIE. Accordingly, the WFOE was considered the primary beneficiary of the VIE and had consolidated the VIE and the VIE's subsidiary' financial results of operations, assets and liabilities in the Company's consolidated financial statements.

Contracts that give the Company effective control of the VIE

Equity Pledge Agreement

Under the Equity Pledge Agreement between Senlang BJ, SenlangBio and SenlangBio's shareholders, SenlangBio's shareholders agree to pledge all of their equity interests in SenlangBio to Senlang BJ to guarantee the performance of SenlangBio and SenlangBio's shareholders' obligations under the Exclusive Technical Consultation and Service Agreement, the Exclusive Purchase Option Agreement, the Shareholder's Rights Proxy Agreement, and the Spousal Consent ("Transaction Agreements"). Under the terms of the Equity Pledge Agreement, in the event that SenlangBio or SenlangBio's shareholders breach their respective contractual obligations under the Transaction Agreements or the Equity Pledge Agreement, Senlang BJ, as pledgee, is entitled to directly exercise the pledge right and to notify SenlangBio's shareholders to immediately repay or pay the loans or other payables under the Transaction Agreements. SenlangBio's shareholders further agreed not to dispose of the pledged equity interests without prior written consent from Senlang BJ.

The pledge is effective on the date when the registration of the equity pledge is completed with the competent administration for industry and commerce, and the term of validity of the pledge is the same as the longest term of validity in the Transaction Agreements.

The purposes of the Equity Pledge Agreement are to (1) guarantee the performance of SenlangBio and SenlangBio's shareholders' obligations under the Transaction Agreements, (2) make sure SenlangBio's shareholders do not transfer or assign the pledged equity interests, or create or allow any encumbrance that would prejudice interests of Senlang BJ without prior written consent from Senlang BJ, and (3) provide Senlang BJ control over SenlangBio.

In the event SenlangBio or SenlangBio's shareholders breaches their contractual obligations under the Transaction Agreements or Equity Pledge Agreement, Senlang BJ will be entitled to (1) be compensated on a preferential basis with the proceeds from the conversion, auction or sale of the pledged equity, and (2) notify SenlangBio's shareholders to immediately repay the loans or other payables under the Transaction Agreements.

Exclusive Purchase Option Agreement

Under the Exclusive Purchase Option Agreement, SenlangBio's shareholders irrevocably grants Senlang BJ (or its designee) an exclusive right to purchase the equity held by SenlangBio's shareholders in the SenlangBio in whole or in part at any time during the term of the Agreement; SenlangBio also irrevocably grants Senlang BJ (or its designee) an exclusive right to purchase the assets owned by SenlangBio in whole or in part at any time during the term of the Agreement.

With respect to consideration for equity purchase, Senlang BJ has the right to purchase all or part of the equity held by SenlangBio's shareholders in SenlangBio at the lowest price permitted by the PRC laws. With respect to the price for asset purchase, Senlang BJ has the right to purchase SenlangBio's assets at a price equivalent of the net book value of the purchased assets; provided that if the minimum price permitted by the PRC law is higher than the net book value, the minimum price permitted by the PRC laws will prevail.

Under the Exclusive Purchase Option Agreement, Senlang BJ may purchase all or part of the equity held by SenlangBio's shareholders in SenlangBio and all or part of the assets owned by SenlangBio at any time to the extent permitted by PRC laws. The Exclusive Purchase Option Agreement, together with the Equity Pledge Agreement, Exclusive Technical Consultation and Service Agreement, and the Proxy Agreement, enable Senlang BJ to exercise effective control over SenlangBio. The Exclusive Purchase Option Agreement will become effective upon the affixation of signatures or corporate seals by the Senlang BJ, SenlangBio and SenlangBio's shareholders, and will remain in effect, unless terminated by Senlang BJ by giving a thirty (30) day advance written notice.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (continued)

Contracts that give the Company effective control of the VIE

Shareholder's Rights Proxy Agreement

Under the Shareholder's Rights Proxy Agreement, SenlangBio's shareholders authorize any entity or individual designated by Senlang BJ to act on their behalf as their exclusive agent to exercise all shareholder's rights under the PRC laws and the Articles of Association, including but not limited to: (a) to convene, attend and vote on all the matters during shareholders' meetings; (b) to transfer, pledge or dispose of, or create encumbrance on the equity; (c) to receive dividends; (d) to participate in judicial proceedings or execute legal documents in relation to shareholders' rights; (e) to appoint legal representatives, directors and officers of SenlangBio; and (f) to enter into contracts and exercise the Exclusive Purchase Option Agreement.

The Shareholder's Rights Proxy Agreement shall remain effective until the earlier of: (a) the date on which SenlangBio's shareholders are no longer the nominee or actual shareholders of Senlang BJ; (b) the date on which Senlang BJ requests the proxy to be terminated in writing; or (c) the date on which the assets and licenses of SenlangBio have been fully transferred to Senlang BJ.

Contracts that enable the Company to receive substantially all of the economic benefits from the VIE

Exclusive Technical Consultation and Service Agreement

Pursuant to the Exclusive Technical Consultation and Service Agreement between Senlang BJ and SenlangBio, Senlang BJ provides SenlangBio with technical consultation and services, including conducting market research, assisting with developing management and sales plans, implementing relevant technology application, and providing other consultation services for computer network, finance, business, legal affairs, operation, human resources, and other aspects of SenlangBio. Additionally, Senlang BJ agrees to grant SenlangBio its trademarks, software copyrights, management systems, management methods and other intellectual property in relation to its services on a chargeable and revocable basis, but such grant shall not result in the transfer of any intellectual property or create any restriction on Senlang BJ's full ownership.

For services rendered to SenlangBio under this agreement, Senlang BJ is entitled to collect a service fee calculated based on the complexity of services rendered, time required by Senlang BJ, and the exact contents and commercial value of services rendered. During the term of this agreement, Senlang BJ shall enjoy all the economic benefits derived from SenlangBio's operation, and in the event of serious difficulties in SenlangBio's operations, Senlang BJ may provide SenlangBio with financial support, and Senlang BJ has the right to request SenlangBio to cease operation. The Exclusive Technical Consultation and Service Agreement shall remain in effect for ten (10) years and shall be automatically renewed unless it is terminated earlier by Senlang BJ.

Based on the foregoing VIE Agreements, Senlang BJ has effective control of SenlangBio which enables Senlang BJ to receive all of the expected residual returns and absorb the expected losses of the VIE and its subsidiary. Management therefore concludes that the Company, through the above contractual arrangements, has the power to direct the activities that most significantly impact the VIE's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the VIE, and therefore the Company is the ultimate primary beneficiary of the VIE. Consequently, the Company consolidates the accounts of SenlangBio and its subsidiary for the periods presented herein, in accordance with Accounting Standards Codification ("ASC") 810-10, Consolidation. The accompanying consolidated financial statements reflect the activities of Senlang and each of the following entities:

Name	Background	Ownership
Subsidiaries:		
Senlang HK	A Hong Kong company Incorporated on November 2, 2020	100% owned by Senlang
Senlang BJ	A PRC limited liability company and a wholly foreign owned enterprise Incorporated on November 20, 2020	100% owned by Senlang HK
VIE:		
SenlangBio	A PRC limited liability company Incorporated on January 29, 2016 Immunology and hematology testing service provider	VIE
VIE's subsidiary:		

SenlangBio Clinical Laboratory	A PRC limited liability company Incorporated on February 9, 2018 General laboratory testing service provider	100% owned by SenlangBio

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN AND LIQUIDITY

Basis of Presentation

These interim condensed consolidated financial statements of the Company and its subsidiary are unaudited. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures necessary for a fair presentation of these interim condensed consolidated financial statements have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all information and footnotes necessary for a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

The Company's condensed consolidated financial statements include the accounts of the Company and its subsidiaries, VIE and subsidiary of VIE over which the Company exercises control and, when applicable, entity for which the Company has a controlling financial interest or is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in elsewhere in this 8K/A.

Going Concern and Liquidity

The Company currently has limited operations. Currently, the Company's operations are focused on utilizing cell and gene engineering technologies to generate innovative and transformative cellular immunotherapies for solid and hematologic cancers. The Company provides general laboratory testing and immunology and hematology testing services for patients and other customers in China. These consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the accompanying condensed consolidated financial statements, the Company hada working capital deficit of $1,774,003 at March 31, 2021, and has incurred net loss and negative cash flow from operating activities of $135,280 and $233,267, respectively, for the three months ended March 31, 2021. The Company has a limited operating history and its continued growth is dependent upon the continuation of providing general laboratory testing and immunology and hematology testing services, and obtaining additional financing to fund future obligations and pay liabilities arising from normal business operations. In addition, the current cash balance cannot be projected to cover the operating expenses for the next twelve months from the release date of this report. These matters raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, implement its business plan, and generate significant revenues. There are no assurances that the Company will be successful in its efforts to generate significant revenues, maintain sufficient cash balance or report profitable operations or to continue as a going concern. The Company plans on raising capital through bank and other borrowings to implement its business plan. However, there is no assurance these plans will be realized and that any additional financings will be available to the Company on satisfactory terms and conditions, if any. These condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

The occurrence of an uncontrollable event such as the COVID-19 pandemic could negatively impact the Company's operations even though the pandemic did not significantly impact the Company's operation in the first quarter of 2021. However, given the dynamic nature of these circumstances, the uncertainty around the potential resurgence of the COVID-19 cases in China, and the instability of local policies and restrictions, the COVID-19 impact over the Company's business in the rest of year 2021 cannot be reasonably estimated at this time. If COVID-19 cases resurged in the area the Company conducted its business and local government implemented new restrictions in the effort to contain the spread, it is expected the Company's business will be negatively impacted.

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from these estimates. Significant estimates during the three months ended March 31, 2021 and 2020 include the useful lives of property and equipment, assumptions used in assessing impairment of long-term assets, and valuation of deferred tax assets and the associated valuation allowances.

Fair Value of Financial Instruments and Fair Value Measurements

The Company adopted the guidance of Accounting Standards Codification ("ASC") 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities 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 are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying values of current assets and current liabilities in the Company's condensed consolidated balance sheets approximated their fair values as of March 31, 2021 and December 31, 2020 due to their short-term nature.

ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

Cash

Cash consists of cash on hand and cash in the bank. The Company maintains cash with financial institutions in the PRC.

Credit Risk and Uncertainties

The Company's cash is maintained with state-owned banks within the PRC. Balances at state-owned banks within the PRC are covered by insurance up to RMB 500,000 (approximately $76,000) per bank. Any balance over RMB 500,000 per bank in PRC will not be covered. At March 31, 2021, cash balances held by state-owned banks within the PRC are RMB 1,205,456 (approximately $184,000), of which, RMB 172,460 (approximately $26,000) was not covered by such limited insurance. The Company has not experienced any losses in such accounts and believes it is not exposed to any risks on its cash in bank accounts.

The Company's operations are carried out in PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC's economy. The Company's operations in PRC are subject to specific considerations and significant risks not typically associated with companies in North America. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. A portion of the Company's sales are credit sales which is to the customer whose ability to pay is dependent upon the industry economics prevailing in Hebei province, China; however, concentrations of credit risk with respect to trade accounts receivable is limited due to short term payment terms. The Company also performs ongoing credit evaluations of its customers to help further reduce credit risk.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer's payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection.

Management believes that the accounts receivable are fully collectable. Therefore, no allowance for doubtful accounts is deemed to be required on its accounts receivable at March 31, 2021 and December 31, 2020. The Company historically has not experienced significant uncollectible accounts receivable.

Inventory

Inventory consists of raw materials. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) methodA reserve is established when management determines that certain inventory may not be saleable. If inventory costs exceed expected net realizable value due to obsolescence or quantities in excess of expected demand, the Company will record reserves for the difference between the cost and the estimated net realizable value. The Company did not record any inventory reserve at March 31, 2021 and December 31, 2020.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets primarily consist of prepaid utilities and prepaid service fees, which are recognized as expenses over the related service periods. As of March 31, 2021 and December 31, 2020, prepaid expenses and other current assets amounted to $60,949 and $21,017, respectively.

Property and Equipment

Property and equipment are carried at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

	Useful Life	Estimated Residual Value Rate
Laboratory equipment	3 - 5 Years	5%
Office equipment and furniture	3 - 5 Years	5%
Vehicles	4 - 5 Years	5%
Leasehold improvements	Shorter of the remaining lease terms or estimated useful life	0%
Software	1 - 2 Years	0%

The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income or loss in the period of disposition. The Company examines impairment of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Impairment of Long-lived Assets

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. There were no triggering events requiring assessment of impairment as of March 31, 2021 and December 31, 2020. For the three months ended March 31, 2021 and 2020, no impairment of long-lived assets was recognized.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value Added Tax

The Company is subject to value added tax ("VAT") on revenues earned for services provided in the PRC. The amount of VAT liability is determined by applying the applicable tax rates to the invoiced amount of services provided (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Company reports revenue net of PRC's value added tax for all the periods presented in the consolidated statements of operations and comprehensive loss.

Government Grants and Deferred Grant Income

Government grants related to purchased long-live assets, most of which are laboratory equipment for research and development, are recorded as deferred grant income initially and recognized as grant income on a systematic basis over the useful lives of the assets. Government grants that are to compensate incurred costs, expenses or losses are recognized in the current period. The Company applies the presentation method consistently to the similar government grants in the condensed consolidated financial statements. Government grants that are related to operating activities are included in operating income (loss), otherwise, they are recorded in other income (expense).

Grants and subsidies received from Chinese government are recognized when the proceeds are received or collectible and related milestones have been reached and all contingencies have been resolved. For the three months ended March 31, 2021 and 2020, grant income amounted to $123,467 and $526,703, respectively.

Deferred grant income represents grants collected but not earned as of each of the balance sheet date. This is primarily composed of receipts of the government subsidies for acquisition of lab equipment and reimbursement on office rent and research and development expense. As of March 31, 2021 and December 31, 2020, deferred grant income amounted to $488,113 and $612,356, respectively.

Accrued Liabilities and Other Payables

Accrued liabilities and other payables primarily consist of accrued and unpaid interest related to notes payable, taxes payable, and accrued liabilities for other miscellaneous items. As of March 31, 2021 and December 31, 2020, accrued liabilities and other payables amounted to $62,938 and $37,432, respectively.

Deferred Revenue

Payments received prior to services being performed are recorded as deferred revenue until such time as the services are performed. As of March 31, 2021 and December 31, 2020, deferred revenue amounted to $167,201 and $88,508, respectively.

Revenue Recognition

The Company recognizes revenue under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the company satisfies a performance obligation

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised goods or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" goods or service (or bundle of goods or services) if both of the following criteria are met:

- The customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer (i.e., the goods or service is capable of being distinct).

- The entity's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the goods or service is distinct within the context of the contract).

If a goods or service is not distinct, the goods or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. From time to time, the variable consideration may include fees for services performed. The Company uses the expected value method to estimate the amount of variable consideration to be included in the transaction price.

The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

The Company's revenues are derived from providing general laboratory testing services and immunology and hematology testing services for patients and other customers. Revenues related to its service offerings are recognized at a point in time when service is rendered. Any payments received in advance of the performance of services are recorded as deferred revenue until such time as the services are performed. Except for deferred revenue, the Company did not have any other contract liability nor contract asset as of March 31, 2021 and December 31, 2020.

The Company does not offer promotional payments, customer coupons, rebates or other cash redemption offers to its customers.

The Company has concluded that its government grants are not within the scope of ASC Topic 606 as they do not meet the definition of a contract with a customer. The Company has concluded that the grants meet the definition of a contribution and are non-reciprocal transactions, and has also concluded that Subtopic 958-605, Not-for-Profit-Entities-Revenue Recognition does not apply, as it is a business entity and the grants are with governmental agencies.

In the absence of applicable guidance under US GAAP, effective January 1, 2018, the Company developed a policy for the recognition of grant revenue when the related costs are incurred or the related long-live assets are purchased, and the right to payment is realized.

The Company believes this policy is consistent with the overarching premise in ASC Topic 606, to ensure that revenue recognition reflects the transfer of promised goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services, even though there is no exchange as defined in ASC Topic 606.

The Company believes the recognition of revenue as costs are incurred or long-live assets are purchased, and amounts become realizable is analogous to the concept of transfer of control of a service over time under ASC Topic 606.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disaggregation of Revenues

In the following table, revenues are disaggregated by segment for the three months ended March 31, 2021 and 2020:

Revenue Stream	For the three months ended March 31, 2021	For the three months ended March 31, 2020	Revenue Stream Detail
General laboratory testing	$ 945,648	$ 42,887	Providing general laboratory testing services, including genomics, proteomics, routine blood/urine testing, COVID-19 PCR/antibody testing etc., to patients and other customers.
Immunology and hematology testing	301,857	-	Providing immunology and hematology testing services, mainly related to cell therapy, including tumor biomarkers and immunophenotyping, to customers.
Total revenue	$ 1,247,505	$ 42,887	

Operating Lease

The Company determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of- use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Company's leases is not readily determinable, the Company utilizes its borrowing rates set by the Central Bank of the People's Republic of China, determined by class of underlying asset, to discount the lease payments.

The Company leases premises for offices under non-cancellable operating leases. Operating lease payments are expensed over the term of lease. The Company leases do not include options to extend nor any restrictions or covenants. The Company has historically been able to renew its office leases. Under the terms of the lease agreements, the Company has no legal or contractual asset retirement obligations at the end of the lease.

Income Taxes

The Company accounts for income taxes using the asset/liability method prescribed by ASC 740, "Income Taxes." Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 “Income Taxes”. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of March 31, 2021 and December 31, 2020, the Company had no significant uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax year that remains subject to examination is the years ended December 31, 2017 through December 31, 2020. The Company recognizes interest and penalties related to significant uncertain income tax positions in income tax expense. However, no such interest and penalties were recorded as of March 31, 2021 and December 31, 2020.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Company computes loss per share in accordance with ASC 260, “Earnings per Share” (“ASC 260”). ASC 260 requires companies with complex capital structures to present basic and diluted earnings per share (“EPS”). Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS 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. As of March 31, 2021 and 2020, there were no dilutive shares.

Foreign Currency Translation

The reporting currency of the Company is U.S. Dollars. The functional currency of the parent company, Senlang, and Senlang HK, is the U.S. dollar and the functional currency of Senlang BJ, SenlangBio, and SenlangBio Clinical Laboratory is the Chinese Renminbi (“RMB”).

Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the rates of exchange prevailing at the balance sheet date. Revenue and expenses are translated using average rates during each reporting period, and shareholders’ equity is translated at historical exchange rates. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheet. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining comprehensive income/loss. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

All of the Company’s revenue transactions are transacted in the functional currency of the Company. The Company does not enter into any material transaction in foreign currencies. Transaction gains or losses have not had, and are not expected to have, a material effect on the results of operations of the Company.

Asset and liability accounts at March 31, 2021 and December 31, 2020 were translated at 6.5527 RMB and 6.5306 RMB to $1.00, respectively, which were the exchange rates on the balance sheet dates. Equity accounts were stated at their historical rates. The average translation rates applied to the statements of operations for the three months ended March 31, 2021 and 2020 were 6.4843 RMB and 6.9823 RMB to $1.00, respectively. Cash flows from the Company’s operations are calculated based upon the local currencies using the average translation rate.

Commitment 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, that cover a wide range of matters. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Segment Reporting

The Company uses “the management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. The Company’s chief operating decision maker is its Chief Executive Officer (“CEO”), who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. The Company has determined that it has two reportable business segments: general laboratory testing segment, and immunology and hematology testing segment. These reportable segments offer different types of services and products, have different types of revenue, and are managed separately as each requires different operating strategies and management expertise.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all significant related party transactions.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Standards

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The objective of ASU 2018-13 is to improve the effectiveness of disclosures in the notes to the financial statements by removing, modifying, and adding certain fair value disclosure requirements to facilitate clear communication of the information required by generally accepted accounting principles. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 with early adoption permitted upon issuance of this ASU. The adoption of ASU 2018 – 13 did not have a material impact on the Company's condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses ("Topic 326").* The ASU introduces a new accounting model, the Current Expected Credit Losses model ("CECL"), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. ASU 2016-13 is effective for annual period beginning after December 15, 2022, including interim reporting periods within those annual reporting periods. The Company expects that the adoption will not have a material impact on the Company's condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12,*Simplifying the Accounting for Income Taxes, as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes.* This standard removes certain exceptions related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. The guidance is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The adoption of ASU 2019-12 did not have a material impact on the Company's consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its consolidated financial condition, results of operations, cash flows or disclosures.

NOTE 4 – VARIABLE INTEREST ENTITY AND OTHER CONSOLIDATION MATTERS

On April 26, 2021, Senlang BJ entered into VIE Agreements with SenlangBio and 13 shareholders of SenlangBio. The key terms of these VIE Agreements are summarized in "NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS" above. As a result of the VIE Agreements, the Company classifies SenlangBio as a VIE.

A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest, such as through voting rights, right to receive the expected residual returns of the entity or obligation to absorb the expected losses of the entity. The variable interest holder, if any, that has a controlling financial interest in a VIE is deemed to be the primary beneficiary and must consolidate the VIE. Senlang BJ is deemed to have a controlling financial interest and be the primary beneficiary of SenlangBio, because it has both of the following characteristics:

1. Power to direct activities of a VIE that most significantly impact the entity's economic performance, and
2. Obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

Pursuant to the VIE Agreements, SenlangBio pays service fees equal to all of its net income to Senlang BJ. At the same time, Senlang BJ is entitled to receive all of SenlangBio's expected residual returns. The VIE Agreements are designed so that SenlangBio operates for the benefit of the Company. Accordingly, the accounts of SenlangBio are consolidated in the accompanying financial statements pursuant to ASC 810-10, Consolidation. In addition, its financial positions and results of operations are included in the Company's consolidated financial statements.

NOTE 4 – VARIABLE INTEREST ENTITY AND OTHER CONSOLIDATION MATTERS (continued)

In addition, as all of these VIE agreements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC, they would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could further limit the Company's ability to enforce these VIE agreements. Furthermore, these contracts may not be enforceable in China if PRC government authorities or courts take a view that such contracts contravene PRC laws and regulations or are otherwise not enforceable for public policy reasons. In the event the Company is unable to enforce these VIE agreements, it may not be able to exert effective control over SenlangBio and its ability to conduct its business may be materially and adversely affected.

All of the Company's main current operations are conducted through SenlangBio and subsidiary of SenlangBio. Current regulations in China permit SenlangBio to pay dividends to the Company only out of its accumulated distributable profits, if any, determined in accordance with its article of association and PRC accounting standards and regulations. The ability of SenlangBio to make dividends and other payments to the Company may be restricted by factors including changes in applicable foreign exchange and other laws and regulations.

The following consolidated financial information of the VIE and VIE's subsidiary as a whole as of March 31, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and 2020 was included in the accompanying condensed consolidated financial statements of the Company. Transactions between the VIE and VIE's subsidiary are eliminated in the financial information presented below:

	March 31, 2021	December 31, 2020
Cash	$ 188,887	$ 18,935
Accounts receivable	636,746	45,271
Recoverable VAT	343,755	335,150
Inventory	105,743	125,962
Prepaid expenses and other current assets	60,949	21,017
Security deposit	49,843	50,012
Operating lease right-of-use assets, net	266,406	320,123
Property and equipment, net	2,268,076	2,567,522
Total Assets	3,920,405	3,483,992
Notes payable	1,373,480	918,752

Notes payable - related party	244,174	245,000
Accounts payable	564,192	310,330
Salary payable	102,329	105,810
Accrued leasehold improvements liabilities	261,106	315,583
Accrued liabilities and other payables	62,938	37,432
Deferred revenue	167,201	88,508
Deferred grant income	183,496	260,679
Operating lease obligation	151,167	155,470
Deferred grant income - noncurrent portion	304,617	351,677
Operating lease obligation - noncurrent portion	52,377	105,566
Total Liabilities	3,467,077	2,894,807
Total shareholders' equity	$ 453,328	$ 589,185

NOTE 4 – VARIABLE INTEREST ENTITY AND OTHER CONSOLIDATION MATTERS (continued)

	For the Three Months Ended March 31,	
	2021	2020
Revenues	$ 1,247,505	$ 42,887
Loss from operations	(90,663)	(208,256)
Net loss	$ (135,280)	$ (208,672)

NOTE 5 – PROPERTY AND EQUIPMENT, NET

At March 31, 2021 and December 31, 2020, property and equipment consisted of the following:

	March 31, 2021	December 31, 2020
Laboratory equipment	$ 2,261,276	$ 2,268,929
Electronic equipment	235,628	234,212
Tools and furniture	199,053	198,361
Vehicles	63,104	63,317
Leasehold improvements	2,244,852	2,252,449
Software	26,737	26,858
Total	5,030,650	5,044,126
Less: accumulated depreciation	(2,762,574)	(2,476,604)
Property and equipment, net	$ 2,268,076	$ 2,567,522

For the three months ended March 31, 2021 and 2020, depreciation expense of property and equipment amounted to $297,458 and $252,099, respectively, of which, $14,586 and $0 was included in cost of revenue, $96,998 and $107,137 was included in research and development expenses, and $185,874 and $144,962 was included in general and administrative expense, respectively.

NOTE 6 – NOTES PAYABLE

From time to time, the Company acquires loans from various entities to fund its operations. These loans are due within one year and are unsecured and uncollateralizedAt March 31, 2021 and December 31, 2020, short-term borrowings consisted of the following:

	March 31, 2021	December 31, 2020
Loan from China Construction Bank, due on February 17, 2021 with annual interest rate of 4.1025%, extended to May 17, 2021 with annual interest rate of 3.8525% and repaid on the extended date (See Note 14)	$ 457,827	$ 459,376
Loan from a third-party company, due on February 8, 2021 with annual interest rate of 4.35%, extended through October 2021	457,827	459,376
Loan from a third-party company, due on October 31, 2021 with annual interest rate of 4.35%	457,826	-
Total	$ 1,373,480	$ 918,752

For the three months ended March 31, 2021, interest expense related to borrowings amounted to $13,647 and have been included in interest expense on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. The Company had neither borrowing activity nor interest expense in the first quarter of 2020.

As of March 31, 2021 and December 31, 2020, the related accrued and unpaid interest for borrowings was $8,907 and $2,942, respectively, and have been included in accrued liabilities and other payables on the accompanying condensed consolidated balance sheets.

NOTE 7 – RELATED PARTY TRANSACTIONS

Notes Payable - Related Party

From time to time, the Company acquires loans from Hebei Senlang Taihe Biological Technology Co. Ltd. ("Taihe") to fund its operations. These loans are due within one year and are unsecured and uncollateralized. The annual interest rate for these loans is 4.35%. SenlangBio's largest shareholder is the former executive director and currently holds 80% of equity interest of Taihe.

As of March 31, 2021 and December 31, 2020, the outstanding principal amounted to $244,174 and $245,000, respectively, and were recorded as "Notes payable – related party" on the accompanying condensed consolidated balance sheets.

For the three months ended March 31, 2021 and 2020, interest expense related to related party borrowings amounted to $2,683 and $1,860, respectively, and have been included in interest expense – related party on the accompanying condensed consolidated statements of operations and comprehensive loss. As of both March 31, 2021 and December 31, 2020, the related interest for related party borrowings was paid in full.

NOTE 8 – INCOME TAXES

British Virgin Islands

Under the current laws of BVI, Senlang is not subject to tax on income or capital gain. In addition, payments of dividends by the Company to its shareholders are not subject to withholding tax in the BVI.

Hong Kong

Senlang 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 is 16.5% on its taxable income generated from operations in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Additionally, payments of dividends by the subsidiary incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

United States

The Company and its subsidiaries have no presence in the United States and does not conduct business in the United States, therefore no United States income tax should be imposed upon the Company and its subsidiaries.

PRC

Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory are subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws. The EIT rate for companies operating in the PRC is 25%. In the year ended December 2020, Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory were each recognized as small low-profit enterprise and received a preferential income tax rate of 10%. In the year ending December 2021, Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory are each expected to be recognized as small low-profit enterprise and are expected to receive a preferential income tax rate of 10%. The Company did not have any income taxes expense for the years ended December 31, 2020 since it incurred losses in the periods. As of March 31, 2021, income tax returns for the tax years ended December 31, 2017 through December 31, 2020 remain open for statutory examination by PRC tax authorities.

Below is a reconciliation of the statutory tax rate to the effective tax rate for the three months ended March 31, 2021 and 2020:

	For the three months ended March 31,	
	2021	2020
PRC statutory income tax rate	25.0%	25.0%
Effect of income tax exemptions and reliefs	(15.0)%	(15.0)%
Effect of non-deductible expense	0.1%	0.1%
Valuation allowance	(36.8)%	(10.1)%
Effective tax rate	(26.7)%	0.0%

The Company's approximate net deferred tax assets as of March 31, 2021 and December 31, 2020 were as follows:

Deferred tax assets:	March 31, 2021	December 31, 2020
Net operating loss carryforward	$ 1,426,050	$ 1,340,709
Valuation allowance	(1,426,050)	(1,340,709)
Net deferred tax assets	$ -	$ -

NOTE 8 – INCOME TAXES (continued)

PRC (continued)

The Company provided a valuation allowance equal to the deferred income tax assets as of March 31, 2021 and December 31, 2020 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The potential tax benefit arising from the loss carryforward will begin to expire in 2023.

As of March 31, 2021 and December 31, 2020, the Company had no significant uncertain tax positions that qualify for either recognition or disclosure in the financial statements. As of March 31, 2021, income tax returns for the tax years ended December 31, 2017 through December 31, 2020 remain open for statutory examination by PRC tax authorities.

The uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. Based on the outcome of any future examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits for tax positions taken regarding previously filed tax returns, might materially change from those recorded as liabilities for uncertain tax positions in the Company's consolidated financial statements as of March 31, 2021 and December 31, 2020. In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits, if any, as a component of income tax expense. The Company does not anticipate any significant increases or decreases to its liability for unrecognized tax benefit within the next twelve months.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB100,000 (approximately $15,000) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

Accounting for Uncertainty in Income Taxes

The tax authority of the PRC government conducts periodic and ad hoc tax filing reviews on business enterprises operating in the PRC after those enterprises complete their relevant tax filings. Therefore, the Company's tax filings results are subject to change. It is therefore uncertain as to whether the PRC tax authority may take different views about the Company's tax filings, which may lead to additional tax liabilities.

ASC 740 requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The management evaluated the Company's tax positions and concluded that no provision for uncertainty in income taxes was necessary as of December 31, 2020 and 2019.

NOTE 9 – EQUITY

The equity structures as of March 31, 2021 was presented after giving retroactive effect to the reorganization of the Company that was completed in April 2021. Immediately before and after the reorganization, the shareholders of SenlangBio controlled Senlang. Therefore, the reorganization is accounted for as a transaction of entities under common control at carrying value and for accounting purpose, the reorganization was accounted for as a recapitalization. The consolidated financial statements are prepared on the basis as if the Reorganization became effective as of the beginning of the first period presented in the accompanying consolidated financial statements of the Company.

Ordinary Shares

On October 15, 2020, Senlang was incorporated in the British Virgin Islands. As of the date of this report, its authorized share capital consists of 50,000 ordinary shares with a par value of $1.00 per share. As of the date of this report, 10,001 ordinary shares were issued and outstanding.

Statutory Reserve

Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory operate in the PRC and are required to reserve 10% of their net profit after income tax, as determined in accordance with the PRC accounting rules and regulations. Appropriation to the statutory reserve by the Company is based on profit arrived at under PRC accounting standards for business enterprises for each year.

The profit arrived at must be set off against any accumulated losses sustained by the Company in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends. Senlang BJ, SenlangBio and SenlangBio Clinical Laboratory did not make any appropriation to statutory reserve during the three months ended March 31, 2021 and 2020. As of both March 31, 2021 and December 31, 2020, the Company did not have any statutory reserve.

NOTE 10 - CONCENTRATIONS

Customers

The following table sets forth information as to each customer that accounted for 10% or more of the Company's revenues for the three months ended March 31, 2021 and 2020.

	Three Months Ended March 31,	
Customer	2021	2020
A	43%	*
B	13%	*
C	*	20%
D	*	10%
E	*	10%

* Less than 10%

Two customers, whose outstanding receivable accounted for 10% or more of the Company's total outstanding accounts receivable at March 31, 2021, accounted for 97% of the Company's total outstanding accounts receivable at March 31, 2021.

One customer, whose outstanding receivable accounted for 10% or more of the Company's total outstanding accounts receivable at December 31, 2020, accounted for 98.1% of the Company's total outstanding accounts receivable at December 31, 2020.

Suppliers

The following table sets forth information as to each supplier that accounted for 10% or more of the Company's purchase for the three months ended March 31, 2021 and 2020.

	Three Months Ended March 31,	
Supplier	2021	2020

A	40%	*
B	19%	*
C	*	20%
D	*	10%

* Less than 10%

Two suppliers, whose outstanding payable accounted for 10% or more of the Company's total outstanding accounts payable at March 31, 2021, accounted for 35.7% of the Company's total outstanding accounts payable at March 31, 2021.

Three suppliers, whose outstanding payable accounted for 10% or more of the Company's total outstanding accounts payable at December 31, 2020, accounted for 77.8% of the Company's total outstanding accounts payable at December 31, 2020.

NOTE 11 – SEGMENT INFORMATION

For the three months ended March 31, 2021 and 2020, the Company operated in two reportable business segments - (1) general laboratory testing segment, and (2) immunology and hematology testing segment. The Company's reportable segments are strategic business units that offer different services and products. They are managed separately based on the fundamental differences in their operations. Information with respect to these reportable business segments for the three months ended March 31, 2021 and 2020 was as follows:

NOTE 11 – SEGMENT INFORMATION (continued)

	Three Months Ended March 31,	
	2021	2020
Revenues		
General laboratory testing	$ 945,648	$ 42,887
Immunology and hematology testing	301,857	-
Total	1,247,505	42,887
Cost of revenues		
General laboratory testing	347,911	14,117
Immunology and hematology testing	89,498	-
Total	437,409	14,117
Gross profit		
General laboratory testing	597,737	28,770
Immunology and hematology testing	212,359	-
Total	810,096	28,770
Operating expenses		
General laboratory testing	59,480	50,969
Immunology and hematology testing	841,279	186,057
Total	900,759	237,026
Other (expense) income		
Interest expense		
Immunology and hematology testing	(16,330)	(1,860)
Other income		
General laboratory testing	96	1,072
Immunology and hematology testing	130	372
Total	226	1,444
Total other expense, net	(16,104)	(416)
Income taxes		
General laboratory testing	28,513	-
Immunology and hematology testing	-	-
Total	28,513	-
Net income (loss)		
General laboratory testing	509,840	(21,127)
Immunology and hematology testing	(645,120)	(187,545)
Total	(135,280)	(208,672)
Depreciation		
General laboratory testing	3,970	3,456
Immunology and hematology testing	293,488	248,643
Total	297,458	252,099
Capital expenditure		
General laboratory testing	1,376	6,874
Immunology and hematology testing	56,205	11,791
Total	$ 57,581	$ 18,665

NOTE 11 – SEGMENT INFORMATION (continued)

Identifiable long-lived tangible assets at March 31, 2021 and December 31, 2020	March 31, 2021	December 31, 2020
General laboratory testing	$ 59,669	$ 62,447
Immunology and hematology testing	2,208,407	2,505,075
Total	2,268,076	2,567,522
Total assets at March 31, 2021 and December 31, 2020		
General laboratory testing	809,399	163,560
Immunology and hematology testing	3,111,006	3,320,432
Total	$ 3,920,405	$ 3,483,992

The Company does not have long-lived assets located outside the PRC.

NOTE 12 – COMMITMENTS AND CONTINCENGIES

Contingencies

From time to time, the Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

Operating Leases Commitment

The Company is a party to leases for office space. Rent expense under all operating leases amounted to approximately $55,000 and $54,000 for the three months ended March 31, 2021 and 2020, respectively.

Supplemental cash flow information related to leases for the three months ended March 31, 2021 and 2020 is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating lease	$ 59,039	$ 54,687
Right-of-use assets obtained in exchange for lease obligation:		
Operating lease	$ -	$ -

The following table summarizes the lease term and discount rate for the Company's operating lease as of March 31, 2021:

	Operating Lease
Weighted average remaining lease term (in years)	1.02
Weighted average discount rate	4.75%

NOTE 12 – COMMITMENTS AND CONTINCENGIES (continued)

Operating Leases Commitment (continued)

The following table summarizes the maturity of lease liabilities under operating lease as of March 31, 2021:

For the Twelve-month Period Ending March 31:	Operating Lease
2022	$ 162,681
2023	52,999
2024 and thereafter	-
Total lease payments	215,680
Amount of lease payments representing interest	(12,136)
Total present value of operating lease liabilities	$ 203,544
Current portion	$ 151,167
Long-term portion	52,377
Total	$ 203,544

Variable Interest Entity Structure

In the opinion of management, (i) the corporate structure of the Company is in compliance with existing PRC laws and regulations; (ii) the Contractual Arrangements are valid and binding, and do not result in any violation of PRC laws or regulations currently in effect; and (iii) the business operations of WFOE, VIE and VIE's subsidiary are in compliance with existing PRC laws and regulations in all material respects.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the Company cannot be assured that PRC regulatory authorities will not ultimately take a contrary view to the foregoing opinion of its management. If the current corporate structure of the Company or the Contractual Arrangements is found to be in violation of any existing or future PRC laws and regulations, the Company may be required to restructure its corporate structure and operations in the PRC to comply with changing and new PRC laws and regulations. In the opinion of management, the likelihood of loss in respect of the Company's current corporate structure or the VIE Agreements is remote based on current facts and circumstances.

NOTE 13 – RESTRICTED NET ASSETS

As of March 31, 2021, the Company's operations are conducted through its PRC subsidiary, VIE and VIE's subsidiary, which can only pay dividends out of their retained earnings determined in accordance with the accounting standards and regulations in the PRC and after they have met the PRC requirements for appropriation to statutory reserve. In addition, most of the Company's businesses and assets are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. These currency exchange control procedures imposed by the PRC government authorities may restrict the ability of the Company's PRC subsidiary to transfer their net assets to the Lonlon Biotech Ltd. (the "Parent Company") through loans, advances or cash dividends.

Schedule I of Article 5-04 of Regulation S-X requires the condensed financial information of the parent company to be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of this test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of its consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company in the form of loans, advances or cash dividends without the consent of a third party. The restricted net assets of the Company's PRC subsidiary amounted to approximately $453,000 and $589,000 as of March 31, 2021 and December 31, 2020, respectively.

NOTE 13 – RESTRICTED NET ASSETS (continued)

The Company's PRC subsidiary' net assets as of March 31, 2021 and December 31, 2020 exceeded 25% of the Company's consolidated net assets. Accordingly, Parent Company's condensed financial statements have been prepared in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X, and are as follows.

Condensed Financial Information of the Parent Company

The Parent Company's condensed financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements, with the only exception being that the Parent Company accounts for its subsidiaries using the equity method. Refer to the consolidated financial statements and notes presented above for additional information and disclosures with respect to these financial statements.

Parent Company's Condensed Balance Sheets

	March 31, 2021	December 31, 2020
ASSETS		
NON-CURRENT ASSETS:		
Investment in subsidiaries	$ 453,328	$ 589,185
Total Non-current Assets	453,328	589,185
Total Assets	$ 453,328	$ 589,185
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total Liabilities	$ -	$ -
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Ordinary shares, $1.00 par value; 50,000 shares authorized; 10,001 shares issued and outstanding at March 31, 2021 and December 2020 *	10,001	10,001
Additional paid-in capital	8,946,197	8,946,197
Accumulative deficit	(8,515,294)	(8,380,014)
Accumulated other comprehensive income	12,424	13,001
Total Shareholders' Equity	453,328	589,185
Total Liabilities and Shareholders' Equity	$ 453,328	$ 589,185

* The shares amounts are presented on a retroactive basis.

Parent Company's Condensed Statements of Operations and Comprehensive Loss

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Revenue	$ -	$ -
Operating expense	-	-
Income attributable to Parent Company only	-	-
Share of loss from investment in subsidiaries	(135,280)	(208,672)
Net loss	(135,280)	(208,672)
Other comprehensive loss		
Unrealized foreign currency translation loss	(577)	(47,085)
Comprehensive loss	$ (135,857)	$ (255,757)

NOTE 13 – RESTRICTED NET ASSETS (continued)

Condensed Financial Information of the Parent Company (continued)

Parent Company's Condensed Statements of Cash Flows

	For the Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (135,280)	$ (208,672)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share of loss from investment in subsidiaries	135,280	208,672
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	-
NET INCREASE IN CASH	-	-
CASH - beginning of period	-	-
CASH - end of period	$ -	$ -

Basis of Preparation

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the consolidated financial statements except that the Company used the equity method to account for investment in its subsidiaries.

Certain information and footnote disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted. The Parent Company only financial information has been derived from the Company's consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements.

Investment in Subsidiaries

The Company and its subsidiaries were included in the consolidated financial statements where the inter-company balances and transactions were eliminated upon consolidation. For purpose of the Parent Company's stand-alone financial statements, its investments in subsidiaries were reported using the equity method of accounting. Such investment is presented as "Investment in subsidiaries" on the condensed balance sheets and the subsidiaries' loss is presented as "Share of loss from investment in subsidiaries" in the condensed statements of operations.

NOTE 14 – SUBSEQUENT EVENTS

In May 2021, the Company repaid a short-term loan from China Construction Bank in the principal amount of $457,827.

In May 2021, the Company borrowed a short-term loan from a related party company in the principal amount of $763,044. The new loan bears interest rate at 4.35% per annum and is due on October 31, 2021.

On April 26, 2021, Senlang BJ entered into a series of contractual arrangements, or VIE agreements with SenlangBio and 13 equity holders of SenlangBio, through which the Company obtained control and became the primary beneficiary of SenlangBio. As a result, SenlangBio became the Company's VIE.

On June 13, 2021, the Company entered into a Share Purchase Agreement (the "Purchase Agreement"), by and among the Company, Avalon GloboCare Corp., a Delaware corporation ("Avalon"), the holders of the share capital of Senlang (the "Senlang Shareholders"), the ultimate beneficial owners of the Senlang Shareholders (the "Senlang Beneficial Shareholders" and, together with the Senlang Shareholders, the "Senlang Owners") and a representative of the Senlang Owners (the "Senlang Representative"). Pursuant to the Purchase Agreement, Avalon will acquire all of the issued and outstanding share capital of the Company in consideration of 81 million shares of the common stock, par value $0.0001 per share, of Avalon (the "Acquisition").

In connection with the Acquisition, on June 13, 2021, an institutional investor (the "Investor") entered into an agreement with the related to the purchase of registered capital of the SenlangBio (the "SenlangBio Capital Increase Agreement") pursuant to which the Investor will acquire an aggregate of up to 13.5% of the equity ownership of the SenlangBio for an aggregate purchase price of RMB 200,000,000 (approximately $30 million) (the "Equity Financing"), which funds will be invested in the SenlangBio in three installments of RMB 67,000,000 (approximately $10 million), RMB 67,000,000 (approximately $10 million) and RMB 66,000,000 (approximately $10 million), the first to be upon the closing of the Acquisition, the second to be within three months after the closing and the third to be within six months after the closing. In addition, pursuant to a Securities Exchange Agreement (the "Exchange Agreement"), by and among the Company, SenlangBio, Avalon and the Investor, dated June 13, 2021, the Investor has the right, exercisable between the six-month and five year-anniversaries of the respective initial closing and installment closings, to elect to exchange, from time to time, all or part of its then-owned equity ownership of SenlangBio for shares (the "Exchange Shares") of Avalon Common Stock at a fixed exchange price of US$1.21 per share of Avalon Common Stock, which was the market price of the Avalon Common Stock as of the date of the Exchange Agreement under Nasdaq rules. In addition, the Exchange Agreement provides that the Investor may only exchange up to 10% of its total investment amount in any 30-day period.

These unaudited condensed consolidated financial statements were approved by management and available for issuance on June 24, 2021. The Company evaluated subsequent events through the date these unaudited condensed consolidated financial statements were issued.

UNAUDITED PRO FORMA CONSOLIDATED COMBINED FINANCIAL STATEMENTS

On June 13, 2021, Avalon entered into a share purchase agreement (the "Purchase Agreement") with Senlang. Pursuant to the Purchase Agreement, subject to the satisfaction of the conditions to closing, including approval by the Avalon stockholders pursuant to the rules of the Nasdaq Stock Market, Avalon will acquire all of the issued and outstanding securities of Senlang in consideration of 81,000,000 shares of Avalon common stock. The following unaudited pro forma consolidated combined financial statements present the historical consolidated financial statements of Avalon GloboCare Corp. and Subsidiaries ("Avalon") and the historical consolidated financial statements of Lonlon Biotech Ltd. and Subsidiaries ("Senlang"), adjusted as if Avalon had acquired Senlang.

The unaudited pro forma consolidated combined balance sheet combines the historical consolidated balance sheet of Avalon and the historical consolidated balance sheet of Senlang as of March 31, 2021, giving effect to the acquisition as if they had been consummated on March 31, 2021. The unaudited pro forma consolidated combined statement of operations and comprehensive loss for the three months ended March 31, 2021 combines the historical consolidated statement of operations and comprehensive loss of Avalon and the historical consolidated statement of operations and comprehensive loss of Senlang, giving effect to the acquisition as if they had been consummated on January 1, 2020, the beginning of the earliest period presented. The unaudited pro forma consolidated combined statement of operations and comprehensive loss for the year ended December 31, 2020 combines the historical consolidated statement of operations and comprehensive loss of Avalon and the historical consolidated statement of operations and comprehensive loss of Senlang, giving effect to the acquisition as if they had been consummated on January 1, 2020, the beginning of the earliest period presented. The historical consolidated financial statements have been adjusted in the unaudited pro forma consolidated combined financial statements to give pro forma effect to events that are: (1) directly attributable to the acquisition; (2) factually supportable; and (3) with respect to the statement of operations, expected to have a continuing impact on Avalon's results following the completion of the acquisition.

The unaudited pro forma consolidated combined financial statements have been developed from and should be read in conjunction with:

- The accompanying notes to the unaudited pro forma consolidated combined financial statements;
- The historical consolidated financial statements and related notes of Avalon as of March 31, 2021, for the three months ended March 31, 2021 and for the year ended December 31, 2020, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Avalon's Quarterly Report on Form 10Q for the three months ended March 31, 2021 and Annual Report on Form 10-K for the year ended December 31, 2020, which were filed with the Securities and Exchange Commission; and
- The historical consolidated financial statements of Senlang as of March 31, 2021 and for the three months ended March 31, 2021 and for the year ended December 31, 2020, which are contained elsewhere in this Form 8-K/A.

AVALON GLOBOCARE CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED BALANCE SHEET
As of March 31, 2021

	Historical		Pro Forma				
	Avalon GloboCare Corp. and Subsidiaries	Lonlon Biotech Ltd. and Subsidiaries	Pro Forma Adjustments Dr.		Pro Forma Adjustments Cr.		Pro Forma Combined
ASSETS							
CURRENT ASSETS:							
Cash	$ 1,692,540	$ 188,887	$ -		$ -		$ 1,881,427
Accounts receivable	-	636,746	-		-		636,746
Rent receivable	23,471	-	-		-		23,471
Deferred financing costs	152,438	-	-		-		152,438
Recoverable VAT	-	343,755	-		343,755	a	-
Inventory	-	105,743	-		105,743	a	-
Prepaid expenses and other current assets	295,731	60,949	449,498	a	-		806,178
Total Current Assets	2,164,180	1,336,080	449,498		449,498		3,500,260
NON-CURRENT ASSETS:							
Rent receivable - noncurrent portion	109,174	-	-		-		109,174
Security deposit	19,662	49,843	-		-		69,505
Deferred leasing costs	133,359	-	-		-		133,359
Operating lease right-of-use assets, net	241,729	266,406	-		-		508,135
Property and equipment, net	439,962	2,268,076	-		-		2,708,038
Investment in real estate, net	7,644,950	-	-		-		7,644,950
Equity method investment	532,199	-	-		-		532,199
Intangible assets	-	-	97,556,672	b	-		97,556,672
Total Non-current Assets	9,121,035	2,584,325	97,556,672		-		109,262,032
Total Assets	$ 11,285,215	$ 3,920,405	$ 98,006,170		$ 449,498		$ 112,762,292
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Accrued professional fees	$ 1,445,225	$ -	$ -		$ 650,000	d	$ 2,095,225
Accrued research and development fees	432,500	-	-		-		432,500
Accrued payroll liability and directors' compensation	165,846	102,329	-		-		268,175
Accounts payable	-	564,192	564,192	e	-		-
Accrued leasehold improvements liabilities	-	261,106	261,106	e	-		-

Accrued liabilities and other payables	344,453	62,938	-		1,175,995	e	1,583,386
Notes payable	-	1,373,480	-		-		1,373,480
Accrued liabilities and other payables - related parties	313,105	-	-		-		313,105
Deferred revenue	-	167,201	167,201	e	-		-
Deferred grant income	-	183,496	183,496	e	-		-
Operating lease obligation	132,657	151,167	-		-		283,824
Note payable - related party	390,000	244,174	-		-		634,174
Total Current Liabilities	3,223,786	3,110,083	1,175,995		1,825,995		6,983,869
NON-CURRENT LIABILITIES:							
Deferred grant income - noncurrent portion	-	304,617	-		-		304,617
Operating lease obligation - noncurrent portion	109,337	52,377	-		-		161,714
Loan payable - related party	3,305,249	-	-		-		3,305,249
Total Non-current Liabilities	3,414,586	356,994	-		-		3,771,580
Total Liabilities	6,638,372	3,467,077	1,175,995		1,825,995		10,755,449
SHAREHOLDERS' EQUITY:							
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-	-		-		-
Common stock, $0.0001 par value; 490,000,000 shares authorized; 84,943,564 shares issued and 84,423,564 shares outstanding 165,943,564 pro forma shares issued and 165,423,564 pro forma shares outstanding	8,494	-	-		8,100	b	16,594
Additional paid-in capital	49,755,996	8,946,197	8,946,197	c	98,001,900	b	147,757,896
Ordinary shares	-	10,001	10,001	c	-		-
Less: common stock held in treasury, at cost; 520,000 shares	(522,500)	-	-		-		(522,500)
Accumulated deficit	(44,408,493)	(8,515,294)	650,000	d	8,515,294	c	(45,058,493)
Statutory reserve	6,578	-	-		-		6,578
Accumulated other comprehensive (loss) income	(193,232)	12,424	12,424	c	-		(193,232)
Total shareholders' equity	4,646,843	453,328	9,618,622		106,525,294		102,006,843
Total Liabilities and Shareholders' Equity	$ 11,285,215	$ 3,920,405	$ 10,794,617		$ 108,351,289		$ 112,762,292

AVALON GLOBOCARE CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
Three Months Ended March 31, 2021

	Historical		Pro Forma				
	Avalon GloboCare Corp. and Subsidiaries	Lonlon Biotech Ltd. and Subsidiaries	Pro Forma Adjustments Dr.		Cr.		Pro Forma Combined
REVENUES							
Real property rental	$ 289,774	$ -	$ -		$ -		$ 289,774
General laboratory testing	-	945,648	-		-		945,648
Immunology and hematology testing	-	301,857	-		-		301,857
Total Revenues	289,774	1,247,505	-		-		1,537,279
COSTS AND EXPENSES							
Real property operating expenses	216,894	-	-		-		216,894
General laboratory testing	-	347,911	-		-		347,911
Immunology and hematology testing	-	89,498	-		-		89,498
Total Costs and Expenses	216,894	437,409	-		-		654,303
Real Property Opearting Income	72,880	-	-		-		72,880
Gross Profit from General Laboratory Testing	-	597,737	-		-		597,737
Gross Profit from Immunology and Hematology Testing	-	212,359	-		-		212,359
Total Gross Profit	72,880	810,096	-		-		882,976
OTHER OPERATING EXPENSES:							
Professional fees	1,381,178	-	24,041	a	-		1,405,219
Compensation and related benefits	562,006	-	86,204	a	-		648,210
Research and development expenses	213,188	565,331	-		-		778,519
General and administrative expenses	-	406,188	-		406,188	a	-
Other general and administrative expenses	220,096	-	295,943	a	-		516,039
Selling and marketing expenses	-	52,707	-		-		52,707
Amortization	-	-	2,439,000	c	-		2,439,000
Grant income	-	(123,467)	-		-		(123,467)
Total Other Operating Expenses	2,376,468	900,759	2,845,188		406,188		5,716,227
LOSS FROM OPERATIONS	(2,303,588)	(90,663)	(2,845,188)		(406,188)		(4,833,251)

OTHER (EXPENSE) INCOME					
Interest expense	-	(13,647)	-	-	(13,647)
Interest expense - related party	(45,149)	(2,683)	-	-	(47,832)
Loss from equity method investment	(18,514)	-	-	-	(18,514)
Other income	133	226	-	-	359
Total Other Expense, net	(63,530)	(16,104)	-	-	(79,634)
LOSS BEFORE INCOME TAXES	(2,367,118)	(106,767)	(2,845,188)	(406,188)	(4,912,885)
INCOME TAXES	-	28,513	-	-	28,513
NET LOSS	$ (2,367,118)	$ (135,280)	$ (2,845,188)	$ (406,188)	$ (4,941,398)
COMPREHENSIVE LOSS:					
NET LOSS	$ (2,367,118)	$ (135,280)	$ (2,845,188)	$ (406,188)	$ (4,941,398)
OTHER COMPREHENSIVE LOSS					
Unrealized foreign currency translation loss	(2,722)	(577)	-	-	(3,299)
COMPREHENSIVE LOSS	$ (2,369,840)	$ (135,857)	$ (2,845,188)	$ (406,188)	$ (4,944,697)
NET LOSS PER COMMON SHARE:					
Basic and diluted	$ (0.03)				$ (0.03) b
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:					
Basic and diluted	83,413,154				164,413,154

AVALON GLOBOCARE CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
Year Ended December 31, 2020

	Historical		Pro Forma				
	Avalon GloboCare Corp. and Subsidiaries	Lonlon Biotech Ltd. and Subsidiaries	Pro Forma Adjustments Dr.		Cr.		Pro Forma Combined
REVENUES							
Real property rental	$ 1,206,854	$ -	$ -		$ -		$ 1,206,854
Medical related consulting services - related parties	170,908	-	-		-		170,908
General laboratory testing	-	649,932	-		-		649,932
Immunology and hematology testing	-	440,183	-		-		440,183
Total Revenues	1,377,762	1,090,115	-		-		2,467,877
COSTS AND EXPENSES							
Real property operating expenses	851,754	-	-		-		851,754
Medical related consulting services - related parties	135,805	-	-		-		135,805
General laboratory testing	-	343,794	-		-		343,794
Immunology and hematology testing	-	197,444	-		-		197,444
Total Costs and Expenses	987,559	541,238	-		-		1,528,797
Real Property Opearting Income	355,100	-	-		-		355,100
Gross Profit from Medical Related Consulting Services	35,103	-	-		-		35,103
Gross Profit from General Laboratory Testing	-	306,138	-		-		306,138
Gross Profit from Immunology and Hematology Testing	-	242,739	-		-		242,739
Total Gross Profit	390,203	548,877	-		-		939,080
OTHER OPERATING EXPENSES:							
Professional fees	6,553,009	-	73,397	a	-		6,626,406
Compensation and related benefits	4,156,150	-	292,439	a	-		4,448,589
Research and development expenses	883,855	2,813,250	-		-		3,697,105
General and administrative expenses	-	925,438	-		925,438	a	-
Other general and administrative expenses	1,251,208	-	559,602	a	-		1,810,810
Selling and marketing expenses	-	163,145	-		-		163,145
Amortization	-	-	9,756,000	c	-		9,756,000
Grant income	-	(929,505)	-		-		(929,505)
Total Other Operating Expenses	12,844,222	2,972,328	10,681,438		925,438		25,572,550
LOSS FROM OPERATIONS	(12,454,019)	(2,423,451)	(10,681,438)		(925,438)		(24,633,470)
OTHER (EXPENSE) INCOME							
Interest expense	-	(12,397)	-		-		(12,397)
Interest expense - related party	(168,762)	(11,169)	-		-		(179,931)
Loss from equity method investment	(51,673)	-	-		-		(51,673)
Other (expense) income	(4,984)	4,654	-		-		(330)

Total Other Expense, net	(225,419)	(18,912)	-	-	(244,331)
LOSS BEFORE INCOME TAXES	(12,679,438)	(2,442,363)	(10,681,438)	(925,438)	(24,877,801)
INCOME TAXES	-	-	-	-	-
NET LOSS	$ (12,679,438)	$ (2,442,363)	$ (10,681,438)	$ (925,438)	$ (24,877,801)
COMPREHENSIVE LOSS:					
NET LOSS	$ (12,679,438)	$ (2,442,363)	$ (10,681,438)	$ (925,438)	$ (24,877,801)
OTHER COMPREHENSIVE INCOME					
Unrealized foreign currency translation gain	67,237	58,807	-	-	126,044
COMPREHENSIVE LOSS	$ (12,612,201)	$ (2,383,556)	$ (10,681,438)	$ (925,438)	$ (24,751,757)
NET LOSS PER COMMON SHARE:					
Basic and diluted	$ (0.16)				$ (0.15) b
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:					
Basic and diluted	79,508,149				160,508,149

[1] Basis of Pro Forma Presentation

The unaudited pro forma consolidated combined financial statements have been prepared assuming the acquisition is accounted for as a business combination using the acquisition method of accounting under Financial Accounting Standards Board ("FASB") ASC 805, Business Combinations ("ASC 805"). For business combinations under ASC 805, acquisition-related transaction costs are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. Acquisition-related transaction costs include advisory, legal, accounting fee and others.

The unaudited pro forma consolidated combined financial statements reflect adjustments, based on available information and certain assumptions that Avalon believes are reasonable, attributable to the following:

- The acquisition of Senlang, which will be accounted for as a business combination, with Avalon identified as the acquirer, and the issuance of shares of Avalon common stock as acquisition consideration. Avalon is considered the accounting acquirer since immediately following the closing: (i) Avalon stockholders will own a majority of the voting rights of the combined company; (ii) Avalon will designate a majority (nine of ten) of the initial members of the board of directors of the combined company; (iii) Avalon's senior management will hold the majority of the key positions in senior management of the combined company; and (iv) Avalon will continue to maintain its corporate headquarters in Freehold, New Jersey, United States. SenlangBio will continue to maintain operations in the Shijiazhuang High-tech Development Zone, Hebei Province, China;

- Adjustments to conform the classification of certain assets and liabilities in Senlang's historical consolidated balance sheet to Avalon's classification for similar assets and liabilities;

- Adjustments to conform the classification of expenses in Senlang's historical consolidated statement of operations and comprehensive loss to Avalon's classification for similar expenses; and

- The incurrence of acquisition-related expenses.

The pro forma adjustments represent management's estimates based on information available as of the date of this filing and are subject to change as additional information becomes available and additional analyses are performed. The pro forma financial statements are provided for illustrative purposes only and are not intended to represent what Avalon's financial position or results of operations would have been had the acquisition actually been consummated on the assumed dates nor do they purport to project the future operating results or financial position of Avalon following the acquisition. The pro forma financial statements do not reflect future events that may occur after the acquisition, including, but not limited to, the anticipated realization of ongoing savings from potential operating efficiencies, cost savings, or economies of scale that Avalon may achieve with respect to the combined operations. Specifically, the pro forma statements of operations do not include the synergies expected to be achieved as a result of the acquisition and any associated costs that may be incurred to achieve the identified synergies. Additionally, Avalon cannot assure that additional charges will not be incurred in excess of those included in the pro forma additional legal, accounting, and advisory fees of $650,000 related to the acquisition, Avalon's efforts to achieve operational synergies, or that management will be successful in its efforts to integrate the operations. The pro forma statement of operations also excludes the effects of costs associated with any restructuring and integration activities that may result from the acquisition. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the results of Avalon following the acquisition.

Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma consolidated combined financial statements. In Avalon's opinion, all adjustments that are necessary to present fairly the pro forma information have been made. The historical financial statements have been adjusted in the unaudited pro forma consolidated combined financial statements to give effect to the acquisition. These adjustments are directly attributable to the acquisition, factually supportable and, with respect to the unaudited pro forma consolidated combined statements of operations, expected to have a continuing impact on Avalon following the acquisition.

[2] Pro Forma Adjustments and Assumptions

Pro Forma Adjustments to the Consolidated Balance Sheet at March 31, 2021:

a. Represents the reclassification of recoverable VAT and inventory into prepaid expenses and other current assets.

b. Reflects the issuance of 81,000,000 shares of Avalon common stock at a price of $1.21 per share (which was the market price of the Avalon common stock as of the date of the Purchase Agreement under the rules of the Nasdaq Stock Market) as consideration for acquisition of Senlang and adjustments to state Senlang's assets acquired and liabilities assumed at fair value. A summary of the consideration paid and the preliminary fair value of the assets acquired and liabilities assumed is as follows:

Preliminary consideration:		
Avalon common stock issued to Senlang shareholders		81,000,000
Issued price	$	1.21
Total consideration	**$**	**98,010,000**
Preliminary fair value of assets acquired:		
Current assets		
Cash	$	188,887
Accounts receivable		636,746
Recoverable VAT		343,755
Inventory		105,743
Other current assets		60,949
Non-current assets		
Security deposit		49,843
Operating lease right-of-use assets, net		266,406
Property and equipment, net		2,268,076
Intangible assets		97,556,672
Total preliminary fair value of assets acquired	**$**	**101,477,077**
Preliminary fair value of liabilities assumed:		
Current liabilities		
Notes payable	$	(1,373,480)
Notes payable - related party		(244,174)
Accounts payable		(564,192)
Salary payable		(102,329)
Accrued leasehold improvements liabilities		(261,106)
Accrued liabilities and other payables		(62,938)
Deferred revenue		(167,201)
Deferred grant income		(183,496)
Operating lease obligation		(151,167)
Non-current liabilities		
Deferred grant income - noncurrent portion		(304,617)
Operating lease obligation - noncurrent portion		(52,377)
Total preliminary fair value of liabilities assumed	**$**	**(3,467,077)**
Net Assets acquired and liabilities assumed	**$**	**98,010,000**

The acquisition consideration is allocated to the acquired assets and assumed liabilities based on their estimated fair values, and any excess is initially allocated to identifiable intangible assets mainly consisting of cell and gene engineering technologies with the ability to generate innovative and transformative cellular immunotherapies for solid and hematologic cancers. The purchase price exceeded the fair value of net assets acquired by $97,556,672. The Company allocated the $97,556,672 excess to intangible assets, which will be amortized over 10 years. The initial allocation is subject to change upon the final valuation which is to be done at the time of closing. Such change could have a material impact on the Company's financial statements.

c. Represents the elimination of Senlang's historical equity balances.

d. Represents the accrual of $650,000 in estimated legal, accounting, and advisory fees that are payable as a result of the acquisition of Senlang, which were not reflected in either Avalon's or Senlang's historical financial statements.

e. Represents the reclassification of accounts payable, accrued leasehold improvements liabilities, deferred revenue, deferred grant income into accrued liabilities and other payables.

Pro Forma Adjustments to the Consolidated Statement of Operations and Comprehensive Loss for the Three Months Ended March 31, 2021:

a. Represents a reclassification of general and administrative expenses into professional fees, compensation and related benefits, and other general and administrative expenses.

b. The pro forma basic and diluted net loss per common share was computed by dividing pro forma net loss attributable to Avalon by the historical weighted average number of shares of common stock outstanding after giving effect to the issuance of 81,000,000 shares of Avalon common stock in connection with the acquisition of Senlang, as if the issuance had been completed on January 1, 2020.

c. Represents amortization of intangible assets acquired from this acquisition.

Pro Forma Adjustments to the Consolidated Statement of Operations and Comprehensive Loss for the Year Ended December 31, 2020:

a. Represents a reclassification of general and administrative expenses into professional fees, compensation and related benefits, and other general and administrative expenses.

b. The pro forma basic and diluted net loss per common share was computed by dividing pro forma net loss attributable to Avalon by the historical weighted average number of shares of common stock outstanding after giving effect to the issuance of 81,000,000 shares of Avalon common stock in connection with the acquisition of Senlang, as if the issuance had been completed on January 1, 2020.

c. Represents amortization of intangible assets acquired from this acquisition.

[3] Unaudited Pro Forma Adjustment Reflects the Following Two Transactions:

Transaction 1:

Intangible assets	97,556,672	
Paid-in capital	8,956,198	
Accumulated other comprehensive income	12,424	
Accumulated deficit		8,515,294
Common stock		8,100
Additional paid-in capital		98,001,900

The transaction reflects (i) the elimination of Senlang's historical equity balances; (ii) the issuance of 81,000,000 shares of Avalon common stock at a price of $1.21 per share as consideration for acquisition of Senlang; (iii) and acquisition consideration exceeded the fair value of net assets acquired by $97,556,672, which the Company allocated to intangible assets mainly consisting of cell and gene engineering technologies with the ability to generate innovative and transformative cellular immunotherapies for solid and hematologic cancers.

Transaction 2:

Accumulated deficit	650,000	
Accrued professional fees		650,000

To accrue $650,000 estimated additional legal, accounting, and advisory fees that are payable as a result of the acquisition of Senlang, which were not reflected in either Avalon's or Senlang's historical financial statements.

Exhibit 99.5

Avalon GloboCare CEO Provides Letter to Update Shareholders About Acquisition of SenlangBio

Previously Announced Execution of Definitive Agreement to Acquire SenlangBio

SenlangBio Generated Revenue of USD $1.2 Million for the Three Months Ended March 31, 2021 and Projects $5 Million to $7 Million in Revenue for the Full Year 2021

USD $30 Million of Committed Capital for SenlangBio from an Institutional Healthcare Investor

This Transformative Acquisition is Expected to Significantly Contribute to Growth and Development of Avalon

FREEHOLD, N.J., June 28, 2021 (GLOBE NEWSWIRE) -- Avalon GloboCare Corp. (NASDAQ: AVCO) ("Avalon" or "the Company"), a clinical-stage global developer of innovative and transformative cell-based technologies and therapeutics, today provided the following letter to shareholders from its President and Chief Executive Officer, David Jin, M.D., Ph.D.:

"We recently entered into a definitive purchase agreement to aquire SenlangBio, a world-class cell therapy company. We believe that the acquisition, which is subject to certain previously disclosed closing conditions, will significantly enhance Avalon's capabilities in cell and gene therapy, expanding our therapeutic pipeline by adding 15 autologous and universal ("off-the-shelf") cell therapy programs. SenlangBio has applied its cellular therapeutics technology to develop a broad range of cellular therapy candidates including CAR-T, CAR-gdT and armored tumor infiltrating lymphocytes, with potential applications to a wide array of hematologic malignancies and solid tumors. This transformative acquisition will significantly contribute to sustainable and successful growth and development of Avalon.

Importantly, this will be an all-stock transaction, which clearly illustrates the confidence and commitment of SenlangBio and its principals. Avalon was also able to secure approximately USD $30 million from an institutional healthcare investor for an approximately 13.5% equity interest in SenlangBio on favorable terms and without warrants or other equity-linked or debt instrument related to the financing. This funding, which is contingent on the close of the SenlangBio acquisition, should provide us with a substantial cash runway at SenlangBio for several years, as we advance a number of clinical programs and execute on key milestones. In connection with the acquisition, we intend to integrate Avalon's and SenlangBio's technology platforms and manufacturing/bio-processing infrastructure, which is expected to significantly reduce costs and accelerate the clinical translation of cellular technologies.

To date, over 300 patients have received one of SenlangBio's 15 cell therapy candidates through investigator-initiated first-in-human clinical trials at 13 partnering hospitals, covering 9 indications with significant unmet medical needs. Importantly, SenlangBio's clinical trials have thus far demonstrated meaningful clinical benefit and favorable safety profiles among patients with solid tumors and hematological malignancies.

SenlangBio's intellectual property includes 10 issued patents and 5 patents pending, as well as additional IP and trade secrets. Notably, SenlangBio will bring added capabilities to Avalon with their 16,000 square-foot GMP facility, which supports in-house bio-manufacturing, bio-processing, and QA/QC processes. Furthermore, SenlangBio has a revenue generating clinical laboratory that provides third-party clinical testing services including: general biochemical, genomic and proteomic testing; as well as cell therapy related testing such as hematology, immunology, cancer biomarkers, immuno-phenotyping, and more.

For the year ended December 31, 2020 and the three months ended March 31, 2021, SenlangBio generated revenue of USD $1.1 million and USD $1.2 million, respectively, and had a net loss of USD $2.4 million and USD $135,000, respectively. As a vertically integrated leader in cellular medicine with a strong technology platform that we believe can rapidly deliver life-saving cellular therapeutics to patients, I could not be more excited about the operational and financial outlook for our business. I strongly believe we will be well positioned to execute on our organic growth strategy and drive significant value for shareholders in the years ahead."

Additional Details About the Transaction

On June 13, 2021, Avalon entered into a Share Purchase Agreement (the "Purchase Agreement"), by and among Avalon and the other parties named therein to acquire SenlangBio (the "Acquisition"). The purchase price being paid by Avalon under the Purchase Agreement is an aggregate of 81 million shares (the "Acquisition Shares") of its common stock, par value US$0.0001 per share (the "Avalon Common Stock"). The Acquisition is subject to the satisfaction of certain conditions to closing set forth in the Purchase Agreement, including approval by the Avalon stockholders of the issuance of the Acquisition Shares pursuant to the rules of the Nasdaq Stock Market ("Nasdaq") and approval of the listing of the Acquisition Shares by Nasdaq. In connection with the Acquisition, Avalon will prepare and file with the U.S. Securities and Exchange Commission (the "SEC"), a proxy statement and will seek the approval of its stockholders with respect to the issuance of the Acquisition Shares pursuant to Nasdaq rules. Currently, the officers and directors of Avalon own in the aggregate approximately 64.1% of the outstanding shares of Avalon Common Stock and are expected to vote in favor of the issuance of the Acquisition Shares pursuant to Nasdaq rules.

Avalon has filed a Current Report on Form 8-K with the SEC on June 14, 2021 which provides more detail on the terms of the Purchase Agreement and the transactions contemplated thereby and a detailed description of the SenlangBio business. In addition, Avalon will file a Current Report on Form 8-K/A with the SEC on or about June 28, 2021 which contains historical financial information with respect to SenlangBio and its operations, as well as certain other financial information with respect to the proposed Acquisition.

About Avalon GloboCare Corp.

Avalon GloboCare Corp. (NASDAQ: AVCO) is a clinical-stage, vertically integrated, leading CellTech bio-developer dedicated to advancing and empowering innovative, transformative immune effector cell therapy, exosome technology, as well as COVID-19 related diagnostics and therapeutics. Avalon also provides strategic advisory and outsourcing services to facilitate and enhance its clients' growth and development, as well as competitiveness in healthcare and CellTech industry markets. Through its subsidiary structure with unique integration of verticals from innovative R&D to automated bioproduction and accelerated clinical development, Avalon is establishing a leading role in the fields of cellular immunotherapy (including CAR-T/NK), exosome technology (ACTEX™), and regenerative therapeutics. For more information about Avalon GloboCare, please visit www.avalon-globocare.com.

For the latest updates on Avalon GloboCare's developments, please follow our twitter at @avalongc_avco

Additional Information about the Proposed Acquisition Transaction and Where to Find It

This communication relates to the proposed Acquisition and may be deemed to be solicitation material in respect of the Acquisition. In connection with the Acquisition, Avalon will file relevant materials with the SEC, including a proxy statement on Schedule 14A (the "Proxy Statement"). This communication is not a substitute for the Proxy Statement or for any other document that Avalon may file with the SEC or send to Avalon's stockholders in connection with the Acquisition. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF AVALON ARE URGED TO READ THE PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AVALON, SENLANGBIO, THE ACQUISITION AND RELATED MATTERS. The Acquisition will be submitted to Avalon's stockholders for their consideration. Investors and security holders will be able to obtain free copies of the Proxy Statement (when available) and other documents filed by Avalon with the SEC through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed by Avalon with the SEC will also be available free of charge on Avalon's website at www.avalon-globocare.com or by contacting Avalon's Investor Relations contact at PR@Avalon-GloboCare.com.

Participants in the Solicitation

Avalon and its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from Avalon's stockholders with respect to the Acquisition under the rules of the SEC. Information about the directors and executive officers of Avalon and their ownership of shares of Avalon's common stock is set forth in its Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 30, 2021 and in subsequent documents filed with the SEC, including the Proxy Statement. Additional information regarding the persons who may be deemed participants in the proxy solicitations and a description of their direct and indirect interests in the Acquisition, by security holdings or otherwise, will also be included in the Proxy Statement and other relevant materials to be filed with the SEC when they become available. You may obtain free copies of this document as described above.

Cautionary Notes Regarding Forward-Looking Statements

This communication contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Avalon generally identifies forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words, including statements regarding [projected full year 2021 revenue of SenlangBio and the Acquisition. These statements are only predictions. Avalon has based these forward-looking statements largely on its then-current expectations and projections about future events and financial trends as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Avalon's control. Avalon's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: (i) risks associated with Avalon's ability to obtain the stockholder approval required to consummate the Acquisition in accordance with Nasdaq rules and the timing of the closing of the Acquisition, including the risks that a condition to closing would not be satisfied within the expected timeframe or at all or that the closing of the Acquisition will not occur; (ii) the outcome of any legal proceedings that may be instituted against the parties and others related to the Purchase Agreement; (iii) the occurrence of any event, change or other circumstance or condition that could give rise to the termination of the Purchase Agreement, (iv) unanticipated difficulties or expenditures relating to the Acquisition, the response of business partners and competitors to the announcement of the Acquisition; and (v) those risks detailed in Avalon's most recent Annual Report on Form 10-K and subsequent reports filed with the SEC, as well as other documents that may be filed by Avalon from time to time with the SEC. Accordingly, you should not rely upon forward-looking statements as predictions of future events. Avalon cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. The forward-looking statements made in this communication relate only to events as of the date on which the statements are made. Except as required by applicable law or regulation, Avalon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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